UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-11435

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In the Matter of:

CHARTER COMMUNICATIONS, INC., et al.

Debtors.

- -x

United States Bankruptcy Court

One Bowling Green

New York, New York

March 30, 2009

10:02 AM

B E F O R E:

HON. JAMES M. PECK

U.S. BANKRUPTCY JUDGE

HEARING re Introduction by Paul M. Basta, Partner, Kirkland & Ellis LLP

HEARING re Debtors' Motion for Entry of an Order Directing Joint Administration of Related Chapter 11 Cases

HEARING re Debtors' Motion for Entry of an Order Establishing Certain Notice, Case Management and Administrative Procedures

HEARING re Debtors' Application for Entry of an Order Authorizing and Approving the Retention of Kurtzman Carson Consultants LLC as Notice and Claims Agent for the Debtors

HEARING re Debtors' Motion for Entry of an Order Authorizing the Debtors to (A) Prepare a List of Creditors in Lieu of Submitting a Formatted Mailing Matrix, (B) File a Consolidated List of the Debtors' 80 Largest Unsecured Creditors, and (C) Mail Initial Notices

HEARING re Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Use Cash Collateral, (II) Granting Adequate Protection to Adequate Protection Parties and (III) Scheduling a Final Hearing

HEARING re Debtors' Motion for Entry of Interim and Final Orders Authorizing Debtors to Enter Into DIP Surety Bond Program

HEARING re Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing, But Not Directing, the Debtors to Continue Their Existing Cash Management System, Bank Accounts and Business Forms, (B) Granting Post-Petition Intercompany Claims Administrative Expense Priority, (C) Authorizing Continued Investment of Excess Funds in Investment Accounts and (D) Authorizing Continued Intercompany Arrangements and Historical Practices

HEARING re Debtors' Motion for Entry of Interim and Final Orders Establishing Notification and Hearing Procedures for Transfers of Common Stock

Hearing Re Debtors' Motion for Entry of Interim and Final Orders Authorizing, But Not Directing, the Debtors to (A) Pay Certain Pre-Petition Compensation and Reimbursable Employee Expenses, (B) Pay and Honor Employee Medical and Other Benefits and (C) Continue Employee Wages and Benefits Programs

Hearing re Debtors' Motion for Entry of Interim and Final Orders Authorizing, but not Directing, Debtors to Pay Pre-Petition Claims of Shippers, Warehousemen and Miscellaneous Lien Claimants

HEARING re Debtors' Motion for Entry of an Order Authorizing, But Not Directing, Debtors to Honor Certain Pre-Petition Obligations to Customers and to Otherwise Continue Certain Customer Programs and Practices in the Ordinary Course of Business

HEARING re Debtors' Motion for Entry of Interim and Final Orders Authorizing, But Not Directing, Debtors to (A) Maintain Pre-Petition Insurance Policies, (B) Enter Into New Insurance Policies, (C) Maintain Premium Financing Agreements and (D) Enter Into New Premium Financing Agreements

HEARING re Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing, But Not Directing, the Debtors to Remit and Pay Certain Taxes and Fees and (B) Authorizing and Directing Banks and Other Financial Institutions to Honor Related Checks and Electronic Payment Requests

HEARING re Joint Motion for Scheduling Conference

HEARING re Debtors' Application for Entry of an Order Authorizing the Employment and Retention of Kirkland & Ellis LLP as Attorneys for the Debtors and Debtors In Possession Effective Nunc Pro Tunc to the Petition Date

HEARING re Debtors' Application for Entry of an Order Authorizing the Employment and Retention of AlixPartners, LLP as Their Restructuring Advisor Nunc Pro Tunc to the Petition Date

HEARING re Debtors' Application for an Order Authorizing the Employment and Retention of Curtis, Mallet-Prevost, Colt & Mosle LLP as Conflicts Counsel for the Debtors, Nunc Pro Tunc to the Petition Date

HEARING re Debtors' Application for Entry of an Order Authorizing the Employment and Retention of Friend Hudak and Harris, LLP as Special Telecommunications Counsel to the Debtors

HEARING re Debtors' Application for an Order Authorizing the Employment and Retention of Duff & Phelps, LLC as Valuation Consultants for the Debtors and Debtors-in-Possession Nunc Pro Tunc to the Petition Date

HEARING re Debtors' Motion for Entry of an Order Determining Adequate Assurance of Payment for Future Utility Services

HEARING re Debtors' Motion for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business

HEARING re Debtors' Motion for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals

HEARING re Debtors' Motion for Entry of an Order Approving Procedures for the Sale, Transfer or Abandonment of De Minimis Assets

HEARING re Debtors' Motion for Entry of an Order Authorizing Payment of Pre-Petition Claims of Trade Creditors in the Ordinary Course of Business

HEARING re Debtors' Motion for Entry of an Order Granting Adequate Protection to Second Lien Secured Parties

HEARING re Debtors' Motion for an Order (I) Approving the Disclosure Statement, (II) Establishing a Record Date for Voting on the Plan of Reorganization and the Rights Offering, (III) Approving Solicitation Packages and Procedures for the Distribution Thereof, (IV) Approving the Rights Offering Procedures and Rights Exercise Form, (V) Approving the Forms of Ballots and Manner of Notice, (VI) Approving the Commitment Agreements, (VII) Approving the Commitment Fees, (VIII) Establishing Procedures for Voting on the Plan and (IX) Establishing Notice and Objection Procedures for Confirmation of the Plan

Transcribed by: Lisa Bar-Leib

A P P E A R A N C E S :

KIRKLAND & ELLIS LLP
Attorneys for Debtors
Citigroup Center
153 East 53rd Street
New York, NY 10022

BY: STEPHEN E. HESSLER, ESQ.
RICHARD M. CIERI, ESQ.
BRIAN S. LENNON, ESQ. (TELEPHONICALLY)

KIRKLAND & ELLIS LLP
Attorneys for Debtors
200 East Randolph Drive
Chicago, IL 60601

BY: RAY C. SCHROCK, ESQ.
PAUL M. BASTA, ESQ.
TODD F. MAYNES, ESQ.

KIRKLAND & ELLIS LLP
Attorneys for Debtors
655 Fifteenth Street
Washington, DC 20005

BY: JEFFREY S. POWELL, ESQ.
DANIEL T. DONOVAN, ESQ.

TOGUT, SEGAL & SEGAL LLP
Attorneys for Affiliated Debtor, Charter Investment, Inc.
One Penn Plaza
New York, NY 10119

BY: ALBERT TOGUT, ESQ.
FRANK OSWALD, ESQ.

U.S. DEPARTMENT OF JUSTICE
Office of the United States Trustee
33 Whitehall Street
21st Floor
New York, NY 10004

BY: PAUL SCHWARTZBERG, ESQ.
TRACY HOPE DAVIS, AUST

ARNALL, GOLDEN & GREGORY, LLP
Attorneys for Verizon Communications Inc.
171 17th Street NW
Suite 2100
Atlanta, GA 30363

BY: DARRYL S. LADDIN, ESQ.
(TELEPHONICALLY)

BINGHAM MCCUTCHEN LLP
Attorneys for GECC, Pre-Petition Lender
399 Park Avenue
New York, NY 10022

BY: SCOTT K. SEAMON, ESQ.

BINGHAM MCCUTCHEN LLP
Attorneys for Travelers Casualty & Surety of America
One State Street
Hartford, CT 06103

BY: JONATHAN ALTER, ESQ.

BROWN RUDNICK LLP
Seven Times Square
New York, NY 10036

BY: DANIEL J. SAVAL, ESQ.

COVINGTON & BURLING LLP
Attorneys for Wilmington Trust Company
The New York Times Building
620 Eighth Avenue
New York, NY 10016

BY: SUSAN P. JOHNSTON, ESQ.

FAEGRE & BENSON LLP
Attorneys for US Bank, N.A.
2200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

BY: MICHAEL B. FISCO, ESQ.
(TELEPHONICALLY)

GOLDBERG SEGALLA LLP

Attorneys for Mastec North America

665 Main Street

Suite 400

Buffalo, NY 14203

BY: BRUCE W. HOOVER, ESQ.

(TELEPHONICALLY)

KRAMER LEVIN NAFTALIS & FRANKEL LLP

Attorneys for First Lien Lender Group

1177 Avenue of the Americas

New York, NY 10036

BY: GEORGE Z. NOVOD, ESQ.

KENNETH H. ECKSTEIN, ESQ.

PAUL, WEISS, RIFKIND, WHARTON & GARRISON, LLP
Attorneys for the Unofficial Committee of CCH I and CCH II Noteholders
1285 Avenue of the Americas
New York, NY 10019

BY: ALAN W. KORNBERG, ESQ.
DIANE MEYERS, ESQ.

SIMPSON THACHER & BARTLETT LLP
Attorneys for JPMorgan Chase Bank, as Agent
425 Lexington Avenue
New York, NY 10017

BY: PETER PANTALEO, ESQ.
GEORGE WANG, ESQ.
BRUCE D. ANGIOLILLO, ESQ.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Attorneys for Paul G. Allen
Four Times Square
New York, NY 10036

BY: JAY M. GOFFMAN, ESQ.

WHITE & CASE LLP

Attorneys for Charter Communications, Inc.

Convertible Senior Noteholders

1155 Avenue of the Americas

New York, NY 10036

BY: GERARD UZZI, ESQ.

P R O C E E D I N G S

THE COURT: Be seated, please. Let's proceed.

MR. BASTA: Good morning, Your Honor. Paul Basta from Kirkland & Ellis. We're proposed counsel to Charter --

THE COURT: Good morning.

MR. BASTA: -- and its affiliated debtors. I'm joined today by my partners, Rick Cieri, Ray Schrock, Steve Hessler as well as my litigation partners Jeffrey Powell and Daniel Donovan. We have filed pro hac vice applications for Mssrs. Schrock, Powell and Donovan as they are out-of-towners.

THE COURT: Those will all be approved in due course but let's deem that they are approved as of this moment.

MR. BASTA: Thank you, Your Honor. We also happen to be working with Mr. Togut who is proposed counsel to one of the debtors

MR. TOGUT: Your Honor.

THE COURT: Good morning.

MR. BASTA: -- Charter Investment, Inc. We're joined today by many people who have been working very hard to bring this case to the Court in an organized way. I would like to introduce Neil Smit. Neil is the chief executive officer of the company and member of the board. We also have Eloise Schmitz who is the company's chief financial officer. Greg Doody is the company's chief restructuring officer and the declarant on our first day declaration. Greer Racklin is the

company's general counsel. Our proposed financial advisor is Lazard Freres and we have Jim Millstein and Steve Goldstein who are leading the Lazard team.

We'd like to thank the Court and chambers for accommodating us on such short notice and for dealing with a truckload of paper that we delivered to the Court. We'd also like to thank the Office of the United States Trustee. We've been working hard with them and I think we only may have one or two issues open with that office on our first day relief.

I've coordinated with counsel for the various parties on the course of today and a recommended approach. And if it's acceptable to the Court, what I'd like to do is to spend some time giving the Court an overview of the case and where we are and where we want to be going. I think Mr. Kornberg and Mr. Goffman would like to make some short statements regarding the proceeding. And I think Mr. Pantaleo, who represents our lenders and who are opposing reinstatement under our plan, would like to be heard for some time. And then after that, we would then proceed to our first day relief which we hope will be routine.

THE COURT: That order of proceeding is fine with me.

MR. BASTA: Thank you, Your Honor. Your Honor, this is the most extraordinary company and case I've ever seen. Charter, on the one hand, it's enormous. Its assets are performing. It generates tremendous income, its management is

world class. Its business isn't founded on any speculative technology. And the cable business in this economy is not an extremist. It's doing fine. There is a lot of demand for the cable and telecommunication services that the company provides. And so, many of the usual suspects that bring a company into Chapter 11 are just not present in this situation.

The company has 21.7 billion dollars of debt and with that debt load is certainly one of the largest companies to ever commence Chapter 11. And with more than 2.3 billion dollars of EBITDA, Charter comes into this case with stronger operations and more EBITDA than WorldCom, Calpine or Adelphia had at the time of their filing. We believe this is the largest pre-arranged case ever filed.

After months of effort and painful negotiations, we filed on the petition date our plan and disclosure statement and the dozens and dozens of documents it takes to effectuate confirmation. The company, the Paul Weiss team led by Mr. Kornberg, who represents our bondholders, the Skadden team, who represents Mr. Allen, our largest stockholder, and all of the financial advisors have been working around the clock to accomplish this filing. And we stand ready to proceed directly to a disclosure statement hearing, a confirmation hearing and an exit from Chapter 11 that will preserve the value of this terrific enterprise.

My presentation will cover Charter and its business,

the circumstances that led to the filing, the plan and the capital structure, and you have to take them in tandem, and we'll spend some time on it. It'll be -- it's a bit complex. It'll take some time to get through it but I think that exercise will be worthwhile. We'll touch upon reinstatement which is probably the key issue in the case, and I know Mr. Pantaleo plans on covering it as well. And then I'll turn to the timeline of the next steps.

So let's begin with Charter. It really is a fantastic company. It's based in St. Louis and it employs 16,500 people. It's the fourth largest cable operator in the country. It operates in twenty-seven states. It has five a half million customers including 9,000 schools. And it provides all of the services that you would expect from a world class cable operator.

It has done well over the last two years. And I have a few visuals. And I'd like to start with one. Jonathan, if you could put the one -- we have extra copies if people can't see it. Can you see that, Your Honor?

THE COURT: I can.

MR. BASTA: As this chart indicates, between 2006 and 2007, Charter revenue increased 10.7 percent and then from 2007 to 2008, it increased another eight and a half percent to 6.5 billion dollars. On the adjusted EBITDA, on 2006 -- it grew from 2006 to 2007 by 11.7 percent and then by another 10.3

percent in 2008. And it experienced an increased margin during that same time period.

We have 700 million dollars in cash and we don't need a DIP financing. And we've worked out a consensual order for the use of cash collateral with Mr. Pantaleo's clients that Mr. Schrock will present later today.

So what's the problem? The problem is too much debt. With 21.7 billion dollars of debt, Charter is about 8.9 times levered compared to its EBITDA. And many of its peers have debt about 4.2 times EBITDA which means that Charter each year is paying hundreds of millions of dollars of interest expense that is just too much. In fact, the proposed plan that we presented reduces our annual interest expense by 830 million dollars and this is money that can be reinvested into the business.

The secondary problem is the dysfunctionality in the credit markets. In these markets, Charter has limited ability to access the creditor markets to deal with its debt and to ease maturities.

So how did the company deal with its leverage problem? In November of '08, the company hired Kirkland and it hired its longtime financial advisor, Lazard, to help explore deleveraging transactions. And the company and Kirkland and Lazard sat down and brainstormed about what the path forward was. And in December, we organized certain of our holding

company bondholders -- there are two legal entities that I'm going to spend some time with later in the presentation, CCH I and CCH II. And those bondholders hired Mr. Kornberg and his team and they hired UBS and Houlihan Lokey as financial advisors. And throughout this whole process, we've been working very closely with Mr. Goffman and his team at Skadden who represent Paul Allen. They're also working with Miller Buckfire. And in the beginning of the process, it was mostly due diligence, getting the bondholders up to speed with the financial situation. And on January 15th, Your Honor, interest payments were due on certain of the holding company debt. And the company determined not to make those interest payments and to make use of the thirty-day grace period under the bond debt to negotiate with the creditors on the terms of a restructuring. And from January 15th to February 13th, during that grace period, were really spent a tremendous amount of time, we're working round the clock on trying to get to a framework for a restructuring.

At the same time, we were preparing for Chapter 11. We got all of our papers ready and we were ready to file on February 13th should a deal not come together. And in that regard, we reached out to Mr. Pantaleo, who represents the banks, and we had negotiated cash collateral order at that time. And after several very late nights and having to listen to Mr. Cieri and Mr. Millstein go on and on at board meetings,

we reached an agreement in principle with Mr. Kornberg's clients as well as with Mr. Goffman's client, Mr. Allen, on the structure for a plan. And we executed plan support agreements that detail the various commitments associated with that. And with that agreement in place, we determined to make the coupon payment on the bonds and to proceed to take the transaction from an agreement in principle term sheet stage to a fully documented transaction. And it also became clear after we made the coupon payment that Mr. Pantaleo's clients would be opposing reinstatement of the debt. So Mr. Powell and Mr. Donovan, our litigators, reached out to the Simpson litigators pre-filing to start to try to work through scheduling and discovery issues. And as of yesterday, we have delivered to Simpson Thacher's litigators 2200 documents and 40,000 pages of documents in connection with what's probably going to be an upcoming litigation on reinstatement.

So after more than a month and a half work, we filed on the petition date a plan, the disclosure statement, a motion to approve the disclosure statement, which we're going to seek to have heard in hopefully about thirty days, if it's acceptable to the Court, all of the corporate documents necessary to emerge, including the bylaws, certificates of incorporation, warrant agreements, registration rights agreement, a certificate of designation for preferred stock, equity financing documents evidencing equity commitments of up

to two billion and at least 1.6 billion dollars of new equity, new debt documents evidencing refinancing of up to a billion and a half of debt at CCH II. We also reached agreement on post-effective date compensation for senior management. It was like the corporate lawyers had found the oasis in the desert. They were very happy to have a deal to work on.

So with that in place, we now want to seek to implement the plan. And you can't really understand the plan without understanding the capital structure. And the capital structure can give you a bit of a headache. So with that, I'm going to use two visuals to help walk through this. Can Your Honor see those?

THE COURT: I can see them but I can't read them.

MR. BASTA: Okay. Let me -- that would be a problem. Can I hand up?

THE COURT: Oh, please. Thank you.

MR. BASTA: I'm still going to refer to the pictures because I think the way the boxes work together is going to turn out to be significant. So what you see, Your Honor, is that through a series of exchange offers, Charter has various levels of debt at various legal entities coming up from the assets. And all of these names -- we have acronyms for all of these names that we're very comfortable with and I'm going to try to introduce them to the Court so the Court can get comfortable with them. This green box is Charter

Communications Operating LLC. And we refer to it as CCO. And CCO is essentially the operating company. It owns the assets. The debt at CCO is there's 6.9 billion dollars of first lien term debt. And there's 1.3 billion dollars out on a revolver. The revolver is just about to leave, Your Honor. And there's about 2.4 billion dollars of second lien debt at CCO. So the total debt at CCO is 10.7 billion dollars. Most of the trade is at CCO. Now we're going to get into this later but it's some trade that are up at the top two companies that get paid to a management agreement but most of the debt is down here at CCO. And we will be filing -- we have filed and seek at a second day hearing with the support of the banks and the bondholders and Mr. Allen a motion to pay all the trades in the ordinary course of this. But that's not being heard today.

In a very traditional form of corporate finance, what is interesting is that the average coupon on the CCO debt is 6.29 percent. And as you go further away from the asset at each different level of debt, you see that the interest rate is increasing straight up the chain. And that's to compensate holders so that the farther you are away from the assets, it reflects a basic bankruptcy risk that you're less likely to get paid in full.

Our plan, you'll see, conforms to this basic corporate finance doctrine. The entities that are closest to the assets are going to get paid in full and the entities that

are farther away from the assets are going to get equity or awards depending on valuation.

CCO is solvent. We don't believe there's any question about that. And if you turn to our tree in slide here, you can see that under our proposed plan, all of the creditors of CCO are unimpaired to reinstatement.

If Your Honor has any questions, please interrupt.

The next entity up is CCO Holdings LLC. And that has 1.5 billion dollars of debt. Here, there's a 350 million dollar facility secured by the stock in CCO, and there's 800 million dollars of senior notes. CCOH is also solvent. And under our proposed plan, if you go to CCOH, that debt is unimpaired.

So now, things start to get interesting. We get to CCH II, which is 2.5 billion dollars. Now Mr. Kornberg's clients own 1.3 billion dollars of this 2.5 billion dollars of debt. And CCH II is interesting because it has some debtor that is maturing in 2010 and it was important to us to come up with a plan that dealt with that impending maturity. So what the plan provides is that Mr. Kornberg's clients have committed to taking new notes that mature in 2016 from CCH II and any of the holders who are not in Mr. Kornberg's group have the option of either taking those new notes or getting paid in cash in full.

The next box is CCH I and there's four billion

dollars of debt at CCH I. And Mr. Kornberg's clients have 2.9 billion or seventy-three percent of the debt at CCH I. Now all of the financial advisors have gotten together and we believe our plan value for this enterprise is 15.4 billion dollars. That makes CCH I the fulcrum entity that, as part of the plan, is going to get the equity in the reorganized enterprise subject to dilution for equity that's granted to other people and including management shares.

We then get to CCH I Holdings, which is called CIH in our terminology, and CIH has 2.5 billion dollars. And the creditors there are going to get warrants. And you have CC -- Charter Communications Holdings, which is CCH, which has 440 million dollars of debtor and the creditors there are also going to get warrants.

The next entity is called CCHC and there's only one liability at CCHC and that's a seventy-five million dollar note to Mr. Allen. And as part of the overall settlement under the plan of Mr. Allen's claim, and we have many claims that are being settled, but this claim is not getting a distribution at this point.

You then have to take the next two boxes together and we need to think about them together, Your Honor. We have Charter Communications, Inc., which is the top company, the public company. And you have Charter Communications Holding Company LLC or Holdco, which is right below it. And CCI, which

is the top company, has 482 million dollars of convertible notes out there. And CCO -- I mean -- excuse me, Your Honor. Holdco here is obligated to 482 million dollars on mirror notes to CCI. And so, to think about it simply, when we make a distribution, we may be making distributions to Holdco but the creditors that are getting the benefit of that distribution are the convertible notes up at CCI. And based upon intercompany claims that these entities have against the solvent, CCO, under the plan, we're providing to give those creditors seventy-two million dollars in preferred stock and some cash.

You then get to the equity ownership. Paul Allen controls the voting control at CCI and is our largest stockholder. And under a settlement agreement of Mr. Allen's various claims and interests in the Charter enterprise, Mr. Allen will end up with thirty-five percent voting control of CCI and various other forms of consideration. This was an important structuring aspect for the company and for Mr. Kornberg's clients as part of our transaction because our credit agreement at CCO has a requirement that Mr. Allen have thirty-five percent voting control or as a change of control and so the plan has been structured to ensure that Mr. Allen's voting control continues.

This third slide, Your Honor, is a snapshot of what we look like after we've given effect to the plan. And we think the plan is a remarkable achievement given what's

happening in the market these days. We are eliminating 8.2 billion dollars of debt. All the debt CCH I up is eliminated. Our annual interest expense savings is 830 million dollars. We have equity commitments of at least 1.6 billion and up to two billion dollars from Mr. Kornberg's clients to invest equity as part of the plan. And Mr. Kornberg's clients have also committed to take between 1.2 and 1.5 billion dollars of new debt at CCH II. Given the status of the credit and equity markets, we think these commitments reflect the strength of this company and the remarkable nature of this deal.

Our plan provides to pay the trade in full and, of course, the plan provides for the reinstatement of the CCO and the CCOH debt at 6.29 percent and 7.28 percent interest rates and that the 11.9 billion of debt to be reinstated.

Before I turn to reinstatement, let me just pause and see if the Court has any questions regarding the plan.

THE COURT: I don't.

MR. BASTA: Okay.

THE COURT: At least not yet.

MR. BASTA: So where are we with JPMorgan and our lenders? And it's a bad news/good news situation. The bad news is we expect them to object to reinstatement. And while this is certainly not the confirmation hearing, I think it would be helpful to outline for the Court just our views on reinstatement.

THE COURT: I'm interested in that. I read your confirmation brief that was filed as a first day --

MR. BASTA: Well, never too soon to start, Your Honor.

THE COURT: Never too soon to start confirmation or litigation because I also read the papers filed by JPMorgan Chase on Friday. So one thing that makes this case perhaps the most unusual case I've seen -- I keep saying that about virtually every case that gets assigned to me -- is that this is previewing on day 1, a contested confirmation hearing on or before day 130. So I'll hear what you have to say.

MR. BASTA: Thank you, Your Honor. We think the facts, the law and the equities support reinstatement in this instance. And let me outline the facts. We never missed a payment on CCO or CCOH debt. We never violated any financial covenants. We have not started this case with a forbearance and a waiver agreement in place with Mr. Pantaleo's clients. No waiver or forbearance was ever requested. No waiver or forbearance was ever needed. As set forth in Mr. Doody's declaration, we don't believe that there are any defaults that preclude reinstatement of the debt and the only defaults that exist are ipso facto defaults. We don't think there's anything from a default perspective that blocks reinstatement.

We think the law clearly allows for reinstatement and the Court referenced we did file our informational brief on

reinstatement. In sum, Section 1124 requires that the legal, equitable and contractual rights of the lenders remain unaltered. And as the legislative history makes clear in the Senate report, and I'm quoting, "Because the intervention of bankruptcy and the defaults represent a temporary crisis which the plan of reorganization is intended to clear away, as long as the holder of a claim is restored to his original position, the claimant is in a better position than others who received less or get nothing at all and has no cause to complain.

Here, the legal contractual and equitable rights of the lenders will remain unaltered. We've taken steps to ensure that there will not be a change of control. We are going to comply with all of our covenants including financial covenants. And therefore, we think reinstatement is appropriate.

We think the equities overwhelmingly favor reinstatement. If I could go up to the visual. CCO and CCOH creditors are the ones closest to the assets. They have the lowest interest rate because they are closest to the assets and have taken the least amount of risk. They deserve to get paid in full. They don't deserve to get paid more than in full. Their credit is being dramatically improved by this plan even though their covenants don't require us to improve their credit. We are reducing 8.2 billion dollars of debt and saving interest of 830 million dollar a year. They bargained for Mr. Allen having thirty-five percent voting control. Mr. Allen has

thirty-five percent voting control.

If reinstatement is not achieved, the junior creditors and the capital structure are likely to be wiped out. There are no functioning credit markets at the moment. And if we have to reprice this debt at market, the numbers are staggering. Because we're repricing 11.9 billion dollars of debt, each hundred base point increase in pricing of this debt increases our annual interest expense by 120 million dollars. The company anticipates that repricing our debt to market at this time could cost as much as 500 million dollars a year in additional interest savings. So what would happen, Your Honor, is that value that right now is going to our CCH II and CCH I holders. If we fail to reinstate would be captured by parties lower in the capital structure and it would not be able to go to them. And we don't think it's consistent with our fiduciary duty to maximize value to allow creditors and credit is being improved and whose bargain is not being changed to capture that value.

There's a lot of talk in Washington about getting lenders to lend. We're not asking our lenders to lend. We're just not asking them to reprice the debt when we're living up to our bargain.

And we don't know for sure what the banks are going to say about reinstatement but we can tell from their activities prior to the case and in connection with the case.

On the petition date, the banks commenced an adversary proceeding against the company. And they designated the proceeding as noncore.

THE COURT: I noticed that.

MR. BASTA: And that -- the page -- paragraph 24 of the complaint says the plaintiffs do not consent to the entry of final orders or judgments by the bankruptcy judge. Let's put the complaint into a little bit of context. Our CCO credit agreement has two terms. The borrower is CCO and some but not all of the holding companies are called designated holding companies. And there are different requirements for the borrowers than there are for the holding companies. That's the structure of the loan agreement. If I can hand up a copy of the credit agreement, Your Honor.

THE COURT: Please do. Thank you.

MR. BASTA: Your Honor --

THE COURT: This copy is marked in certain respects. Did you intend for me to see a marked copy?

MR. BASTA: Yes. I did intend for that to be marked, Your Honor. If you turn, Your Honor, to page 22 of the credit agreement --

THE COURT: Page 22 of 114 at the top?

MR. BASTA: Yes. 22. At page 22, it says it's page 36 of 114.

THE COURT: Okay. Well, that's confusing.

MR. BASTA: Sorry about that. Should be tabbed, Your Honor.

THE COURT: It is and it's also highlighted.

MR. BASTA: Highlighted, yes. There's a -- we didn't want to make any mistakes about that. So there's a definition of solvency. It's a pretty standard, I guess, definition. And if you turn to the next tab, Your Honor, which is 4.21, there's a representation but the representation is that CCO and its subsidiaries have to be solvent. There's no representation that any of the holding companies have to be solvent. None.

So the complaint then focuses on the next tab, which is 8.3G, and I've highlighted it there as well, there's a requirement that "The designated holding company, the borrower or any of its subsidiaries shall generally not or shall be unable to or shall remit in writing its inability to pay its debts as they become due." And that's what the complaint focuses on.

I'm going to hand up a copy of the complaint, if that's okay, Your Honor.

THE COURT: You may approach. Thank you.

MR. BASTA: I would like to focus the Court on paragraphs 89 and 90 beginning with paragraph 90. Paragraph 90 says "At least two designated holding companies, specifically, CIH and CCH were unable to pay their debts as they would become due soon after October 1st, 2008." They say that they would be

unable to pay their debts as being would but complicated. The only liabilities at CIH -- at CCH are its bond items. So the only liabilities there are the payments of the bonds and the payment of the bonds at maturity. And the banks don't allege that CCH missed a bond payment they allege that CIH and CCH are unable to pay those payments as they would in the future become due. But if you turn to the previous paragraph, which is paragraph 89, that actually quotes the credit agreement. And the word "would" doesn't appear in the credit agreement. What the credit agreement says is that the designated holding companies "shall be unable to". It doesn't -- "as they become due not as the liabilities would become due". And of course it doesn't say "would become due" because CIH and CCH were never sitting there with 2.5 billion and 440 million dollars, respectively, to pay off their debt as they would become due. There is no solvency test. And therefore, what the credit agreement is asking us is whether those companies have, in fact, made the interest payments and they have, in fact, made those interest payments. It's not a hypothetical test. The banks inserted in paragraph 90 the word "would" into the complaint because they would like it to be in the credit agreement but it is not.

So what's the point? The point is we could have a noncore proceeding in the district court and spend millions of dollars of litigation regarding whether or not CIH and CCH were

solvent in the fall of '08 but we respect that the credit agreement does not impose a solvency requirement upon those entities. The drafters knew when to use the word "solvent" and the language of the credit agreement doesn't require that kind of an endeavor. And that is our view. We think we'd be fine. We think we would win a test of whether they had the ability to pay their debts as they become due at that point in time. But we don't want to get on a frolic in a detour.

There's a second example of the bank's behavior. On March 16th, CCI filed a 10K and the auditors gave it a going concern opinion. The banks quickly shot us a notice of default saying it was a default under the credit agreement for there to be a going concern qualifier. But if you read 6.1 of the credit agreement, it's not a default because it's a default if CCO gets its a going concern qualifier not if CCI gets a going concern qualifier.

Taking these things together, we understand the banks have to kick the tires and do their work and that's why we're cooperating with them in terms of the discovery to try to get this resolved quickly. To give Your Honor a sense of timing and the impact of timing, we've agreed under our cash collateral order to pay the bank's default interest during the pendency of the case. That reflects the fact that CCO is solvent. Each month of the case, the default interest number alone is twenty million dollars plus. Twenty million dollars

plus a month. And that's just a default increment. And so, we understand the need to have a fair timeline and a fair process to get this resolved. But we don't want to engage in a process that brings in facts and circumstances that are not necessarily germane to the reinstatement inquiry.

And with that, Your Honor, let me turn to timing. Our plan support agreement provides for proposed confirmation like 130 days after the petition date. That was negotiating, trying to come up with a fair amount of time to resolve the issue. We're seeking to get a disclosure statement hearing in about thirty days. Mr. Powell and Mr. Donovan have been working with the Simpson litigators on a litigation schedule. And I don't think there has been quite agreement yet. We filed yesterday a motion for a proposed litigation schedule that we would propose be heard Friday. We think it makes sense to have a few days for everybody to digest the filing.

THE COURT: Let me just comment on that ministerial question of my availability.

MR. BASTA: Okay.

THE COURT: I'm going to be in Washington, D.C. on Friday and so, unless it's by phone, we can't do it on Friday. I could do it on either Thursday morning or the following Monday. And I'm indifferent as to which day it is.

MR. BASTA: I think Monday works great.

THE COURT: Fine. It'll be the following Monday at

ten.

MR. BASTA: Great.

THE COURT: That's a week from today.

MR. BASTA: Great. So I mentioned that the bank's opposition to reinstatement was the bad news. What is the good news? I think the good news is that has not stopped us from reaching a consensual arrangement with the banks on cash collateral. And we will continue to work with the banks and try to find agreements where we can. Mr. Schrock's going to be presenting the cash collateral order as part of his presentation. But at this point, unless Your Honor has any questions, I'm done with my presentation.

THE COURT: No, that's fine. Thank you. I'd like to make something clear, however, 'cause I'm going to be hearing, I'm sure, other preemptive arguments based upon legal positions and facts that are not yet fully developed and that I'm only really hearing about it for the first time.

One of the things that has become obvious to me from my accelerated investment of time in these documents over the weekend and on Friday is that it is apparent that a tremendous amount of effort has gone into the development of a comprehensive restructuring for these companies. It's extremely complicated. The presentation that was just made with the colored charts, I found to be helpful, particularly, since I had done some reading in advance.

But when it comes to the preemptive identification of confirmation type objections and discussing litigation which has really only just been filed even though the parties have informally been comparing notes on the litigation for some number of weeks or months, I find myself in the difficult position of hearing arguments that I'm really not yet ready to hear. I'm perfectly prepared to have everybody who needs to speak and to counter any of the arguments that have been made by the debtor particularly as it relates to defaults and the legal entitlement to reinstate debt which appears to be the principal issue in this case at this moment.

But this is an issue that should be either resolved by the parties themselves after everybody's had a chance to assess the relative risk on a go forward basis. Or it will be resolved after the record has been fully developed and I've had a chance to understand the facts, not just looking at highlighted sections but actually understand the facts and the full context of the documents themselves. And for that reason, why I am anxious to hear what everybody is prepared to tell me, I want it to be very clearly understood that if I don't ask a question, it doesn't mean that I don't have questions. If I don't ask a question, it doesn't mean that I fully understand everything that you've said or agree with everything you've said. What it means is I am interested on day 1 to get what amounts to a preview of coming attractions, which is what I

view this as. And I also recognize that this is a somewhat public event in which parties are previewing for parties in interest and for the business press, issues of significance in this very significant case.

So you're free to put on your show. I was actually pleased to see that a cable company had something as quaint as charts as opposed to streaming video. And I'm confident that if we get to confirmation, I'll see streaming video.

So with that, I'm anxious to hear what everybody has to say. But I just wanted to make it clear that this is day 1 of a very, very complicated case. And I treat the remaining legal issue, and there may be other issues as well, of reinstatement as a serious question which is not to be decided by the expression on my face on day 1. So no one should take any comfort or feel any concern because of how I behave today. I'm just learning. Who's next?

MR. KORNBERG: Good morning, Your Honor. Alan Kornberg of Paul, Weiss, Rifkind, Wharton & Garrison on behalf of the unofficial committee of CCH I and CCH II noteholders. Those are the gray and dark blue boxes that was pointed out earlier.

THE COURT: Was there any negotiation over the color of the boxes?

MR. KORNBERG: Your Honor, I regret to inform the Court that we were not consulted on colors but I think they'll

do for today's purposes.

A few words about our committee. We represent eleven institutions that hold more than seventy percent of the CCH I notes which was identified, again, as the fulcrum security in this case and more than fifty percent of each tranche of the CCCH II notes. In dollar amounts, that's more than 2.9 billion of CCH I notes and 1.2 billion of CCH II notes.

Our unofficial committee was formed in December at the request of the company which announced that it was to engage in restructuring transactions. And as you can see from the volume of paper that was filed, we have been very hard at work. In addition to Paul Weiss, the unofficial committee is advised by Houlihan Lokey and UBS. The pre-petition efforts by the company, Mr. Allen's interest and the committee I think have been extraordinary. As Mr. Basta mentioned, we've not only agreed upon a plan and a disclosure statement, but virtually all of the documents to implement what is a very complicated restructuring.

So needless to say, I rise in support of the company this morning. As Mr. Basta described it, this plan, which truly is prearranged will substantially deleverage charter and significantly facilitate the investment of almost 1.9 billion dollars of absolutely fresh capital.

The committee members' support of Charter's restructuring is evidenced by more than words. Specifically,

various members of the committee have made various different commitments including agreeing to exchange their CCH I notes for common equity, to exchange 1.23 billion dollars of CCH II notes for new notes. If necessary, to purchase an additional 267 million dollars of CCH II notes and, very significantly, to provide a backstop of at least 1.6 billion which could go to two billion, backstopping a rights offering for the common stock to be issued by the reorganized company.

Your Honor, I think everyone would agree that in these capital under current conditions, that is an extraordinary amount of money to raise. But the debtors, I think, have achieved something else which is very important. And that is, a goal which is specifically contemplated by the Bankruptcy Code. They identify their problems. They reached out to significant creditors. They fully negotiated a comprehensive restructuring before filing in order to facilitate the shortest possible stay in Chapter 11 and thereby preserve maximum value for all interest parties.

I'm not going to argue confirmation today but I will say that the plan that has been filed is in our view fair to everyone, fully financed and feasible. Creditor distributions have been fairly allocated and respect the relative positions held in Charter's capital structure. Creditors that are holding claims that will be reinstated, in our view again, are getting the full benefit of their pre-petition bargain.

Moreover, their claims will be the obligations of a company that will emerge from Chapter 11 with more than eight billion dollars less debt.

As you've heard this morning and will hear for the weeks to come, there are significant disputes as to whether Charter is properly invoking its right under Section 1124 of the Bankruptcy Code to reinstate its bank debt and other obligations. While we believe very strongly that reinstatement is entirely proper, we agree that today is not the day to decide that issue. But we do have concerns. And our concerns relate to timing. We have done everything possible to expedite this case and these matters. Your Honor, as Mr. Basta mentioned, discovery -- and I've never seen this happen before even in a pre-arranged case, discovery began well in advance of the Chapter 11 filing. In fact, Our committee members have been fully cooperative with that process. Last week we produced several thousand pages of documents to Mr. Pantaleo and his colleagues. We expect that we will be producing more documents this week.

So what we would ask the Court today is not to permit those who oppose reinstatement to derail a fair and efficient process toward confirmation. We, too, noted with some concern the noncore jurisdiction allegation and the complaint that was filed on Friday and wondered if that's not a signal that the banks and others will take every opportunity available to delay

these proceedings.

We believe, Your Honor, that the parties can be given a full and fair opportunity to be heard within the restraints of the financing commitments executed by various members of the unofficial committee. Specifically, those commitments provide a termination right if, among other things, Charter does not emerge from Chapter 11 within 150 days of the commencement of these cases. And so, that would take us to the end of August.

Therefore, Your Honor, we hope that all parties will cooperate in doing everything possible to keep these cases on track and to keep alive the billions of dollars of financing commitments that we have worked very hard to line up. Thank you.

THE COURT: Thank you. Mr. Goffman, good morning.

MR. GOFFMAN: Good morning, Your Honor. Jay Goffman of Skadden Arps on behalf of Paul Allen. Your Honor, my firm and the Miller Buckfire firm represent Paul Allen in his capacity as the majority shareholder of this company. We're here today to express our admiration for what the debtors achieved here. It's truly an extraordinary event. To take a company of this size, with this much debt, this complexity, and be able to enter on day 1 with a fully pre-negotiated, fully funded plan of reorganization.

I want to commend all the parties for the cooperative spirit over the last several months. We've all worked hard.

We've all worked around the clock. But it's been with a spirit collegiality in trying to achieve something very special here. And I want to commend everybody for that.

We're particularly pleased with this plan of reorganization. It provides billions of dollars of value to the lenders. It makes sure the trade creditors are paid in full. It takes care of all the customers. It takes care of all the employees. That's very important to us.

Despite the complexity of the company, despite the complexity of the capital structure, this really is a very simple case, Your Honor. You've got a fully pre-negotiated fully funded plan where all parties that are impaired have participated in the process and agreed upon. All that's required is for Your Honor to determine that the banks can be reinstated. We're not going to make that argument today. That's a confirmation issue. I'm sure my friend, Mr. Pantaleo, will have very creative arguments to raise in objection to that. But it's truly a one-issue case. And it's a confirmation issue. Can the banks be reinstated? To me, there can't be anything more core to Chapter 11 than whether or not you can confirm a plan and reinstate bank debt. I appreciate the creativity of the arguments to try to make it otherwise. But I believe that's the sole issue here.

We would urge Your Honor to try to keep this on a fast track towards confirmation. As Your Honor has heard,

there are financing commitments that do expire at certain times. And just the incremental default interest is over twenty million dollars every single month. We're here to support the debtor. We're here to support the plan. And we look forward to confirmation of this case.

THE COURT: Thank you.

MR. PANTALEO: Hi. Good morning, Your Honor.

THE COURT: Good morning.

MR. PANTALEO: Peter Pantaleo, Simpson Thacher & Bartlett for JPMorgan as agent for the first lien lenders. I have in the courtroom with me today -- oops. That's not a good way to start.

THE COURT: That's government property, Mr. Pantaleo. I'm sorry about that.

MR. PANTALEO: It's okay.

THE COURT: It's a bad way to start, Mr. Pantaleo.

MR. PANTALEO: Good morning, Your Honor.

THE COURT: Good morning's always good.

MR. PANTALEO: Peter Pantaleo, Simpson Thacher & Bartlett for JPMorgan as agent. I have with me in the courtroom today my partners, Mr. George Wang and Mr. Bruce Angiolillo.

Your Honor, I appreciate the opportunity to make a short presentation with respect to our issues regarding this plan. I fully understand Your Honor's observation and, you

know, we regard this as sort of an unusual situation for us. I mean, typically, when you're the senior secured lender, you don't start off a case being the last person everyone has spoken to, but that's effectively the situation we're in now. This is a pre-negotiated plan among certain parties but it was not negotiated with us. In fact, decisively and determinately so not negotiated with us. And as a result, from our perspective, it raises several issues that we think they are directly on confirmation. And they are directly, therefore, on how we think this Court should evaluate this plan and its prospects.

I'm going to just talk about three issues. There actually are several more than just these three, Your Honor. But I think, for purposes of today and giving the Court an overview as to some of the more significant issues, I'm just going to talk about these three basically. And what I'd like to do, Your Honor, is start with the first issue, cross-acceleration. And the starting point for this discussion is the chart you have up on the screen. It's an inverted corporate organization chart. It starts with the operating company at the very top, Your Honor, CCO. And the banks are at the top CCO level. CCO, as Your Honor heard through Mr. Basta's presentation, is the operating company. And the companies in red beneath it are various holding companies that I'll refer to in our credit agreement as the designated holding

companies, or DHCs. We've got a guaranty claim against the uppermost one, CCO Holdings LLC. It's economically irrelevant to us because of the solvency of our primary borrower. We have, however, no recourse direct against the other designated holding companies.

And then you heard, I think, Mr. Kornberg mentioned that his client is, in both places, CCH II and CCH I, they call themselves the fulcrum security because they straddle the enterprise value line that you see on the chart.

The key point, Your Honor, in this slide, and I think from our perspective is that our borrower, CCO, is solvent. It's solvent based on the plan valuation of 15.4 billion dollars. It's even solvent based upon the liquidation analysis in the company's plan. And I think the solvency helps explain what this dispute between the lenders is about and what it's not about. It's not about the business, which we think is a perfectly good business. It's not about vendors or customers or employees. And it's certainly not about any creditors of CCO, all of whom get paid under all circumstances regardless of the outcome of this dispute. Instead, Your Honor, this dispute is over the allocation of value as between my client, the first lien lenders and the shareholders of CCO and those creditors who take through the shareholders, Mr. Kornberg's clients, and others in the case.

The disagreement, Your Honor, is, in part, over the

enforceability of a provision in our loan document which puts our borrower, CCO, in default if certain of the designated holding companies' obligations are accelerated. Now this is a unique provision in Charter's capital structure. You won't find this upstream cross-acceleration in any other indenture or in any other loan agreement. This provision was specifically bargained for back when the agreements were being negotiated in 2004 and thereafter. And it was supposed to do precisely what the plan today tries to avoid having happen which is to give the lenders a seat at the table if the designated holding companies got into financial difficult. Now, CCO conceded this point to us in the context of negotiating the credit agreement. It was, in fact, a specifically bargained-for provision. And now, as a solvent entity, Your Honor, it's filed in bankruptcy to effectively try to win back the point that it conceded in negotiations to us. And it's doing this, Your Honor, not for any creditors of CCO; it's doing this for its equity holders.

Now, Your Honor, cross-acceleration provisions are not per se unenforceable as ipso facto clauses. Ipso facto clauses arise because of the bankruptcy. And this is the opposite of that. In fact, it's because of the default to cross-acceleration that we have a bankruptcy here. They're using the bankruptcy to try to invalidate our rights as a result of cross-acceleration.

And the cases, Your Honor, we think, make clear that

when you have a bargained-for cross-acceleration provision, it's fully enforceable unless there is some overriding federal policy that says otherwise. So what's the federal policy? Well, here, Your Honor, given CCO solvency, we think the overriding federal policy favors enforceability. You have up, on the screen, one of the -- several cases that come out of the circuit courts that, I think, make the policy, as the First Circuit said, perfectly clear. When the debtor is solvent, the bankruptcy rule is that where there is a contractual provision valid under state law, the bankruptcy court will enforce the contractual provision. And that's what we have here. And it's the rule in the Second Circuit under Westfield, and the Sixth Circuit. In fact, it's fairly uniform -- it's a fairly uniform principle of bankruptcy jurisprudence.

The principle, Your Honor, that a solvent debtor has to live by its contract led Judge Posner, in the Milwaukee Road (sic) case, to uphold the district court's decision not to permit deacceleration of long-term bonds under the act. These were five percent, hundred-year bonds. In doing so, Judge Posner rejected the arguments that the debtors make here about the fact that what we're looking for is a windfall and says, "What the debtors describe as a windfall gain to the debenture holders is simply the coming to pass of one of the contingencies for which they or their predecessors bargained."

Now, I'm not saying, Your Honor, that a solvent

debtor, under the code, like CCO, can deaccelerate an otherwise unimpaired debt. This was an act case, and there are some differences between the statute at that time and the Code. But what I am saying, Your Honor, is that otherwise valid contract rights which do not contravene the words of the statute need to be fully enforced against a solvent debtor even if, as was the case here, doing so means the debtor cannot avail itself of 1124 of the Code.

And, moreover, Your Honor, giving effect to our contract rights is actually consistent with the policies of 1124. The idea behind 1124 was to leave us no worse off than if CCO had not filed bankruptcy. But absent CCO's filing, our cross-acceleration rights would unquestionably put us in the position of being able to reprice our debt either because we'd be refinanced and we'd be able to reinvest at market rates or, alternatively, there'd be a negotiation over a waiver and an amendment and, in that context, an opportunity to reprice the facility. But here, Your Honor, the point of the plan and this bankruptcy is precisely to leave us worse off than if no bankruptcy had commenced. And that's not an impairment, Your Honor, whether you're solvent or not.

Further, Your Honor, there's nothing about this plan that cures any of this. We have a new capital structure. We have new owners, a revenue board, all without our participation in the restructuring process. Exactly the opposite of what we

had bargained for in the context of this credit agreement. Before the bankruptcy, Mr. Allen owned half the company and controlled over ninety percent of the parent-level votes. And now the bondholders are the owners. Paul Allen has a two percent economic interest and a minority voting position at the parent level. There is nothing about this that resembles our pre-default circumstances. And it doesn't even matter if we're relatively better or worse off. It's just different. Your Honor, the point is they propose to make it different without giving effect to our rights. That's the cross-acceleration. That's the first issue.

We also have an issue with respect to the change of control, which is a separate issue, and this is a default that we think happens on the way out of bankruptcy, really, to confirm this plan. And to the credit agreement, Your Honor, as you see up on the screen, a change of default arises if that Paul Allen Group ceases to have the power, directly or indirectly, to vote, a director voting of equity interests having at least thirty-five percent of the ordinary voting power for the management of the borrower.

Now, today Mr. Allen controls the ultimate parent board, fully controls it, has over ninety percent of the voting power. So, by definition, he controls more than thirty-five percent. He controls completely the management -- the voting power for the management of the subsidiaries, including our

borrower, Charter Opera -- CCO. However, under the plan, if, in fact, the plan is confirmed, Mr. Allen is reduced to four of eleven directors. He's reduced to a thirty-five percent minority voting interest at the parent. And this means, to us, that as a minority parent company shareholder, he actually has zero, zero, control over the management of our borrower, CCO.

Now, we think discovery will, in fact, make it clear that leaving Mr. Allen with effectively zero control was the intent of the parties when they negotiated this plan. But whether it's intentional or not, Your Honor, it's just one more breach that we think establishes why it is that they can't simply say that we're unimpaired and confirm a plan that provides for what this plan provides.

There's also a separate change of control default that would be an issue here, and that's if any person or group has more of the ordinary voting power for the management of CCO than a Paul Allen Group. And here we think we have a default too, Your Honor. And, again, we think this is going to be the subject of further discovery. But the default relates to the various group activities that we think are evident just by reading the transaction documents today without taking any discovery at all. The formation of the committee, the fact that they signed the same agreements that depend on each other for existence, the fact that requisite holdings can waive the rights that are binding on individual members, common counsel,

et cetera, et cetera, we think is manifest indicia of group activity in connection with the acquisition of reorganized stock.

But away from the credit agreement, you know, the important point here is that, as a result of these changes, our risk is changing under the plan. And I would call Your Honor's attention to the Barrington Oaks case. Barrington Oaks, as Your Honor may recall, is a decision that was written years ago by Judge Mabey. And in that case you had a debtor which sought to render a lender unimpaired under a plan. The lender had a lien on the property, and the debtor purported to have a successor take title to the property, keep the lien in place and perform. And the issue in that case is the enforceability of a due-on-sale provision. If it was enforceable, then the lender couldn't be unimpaired; you had to proceed under 1129. If it wasn't, the debtor argued it wasn't, that 1124 would govern. And what Judge Mabey said, after analyzing in his typically exhaustive way the policies behind both 1124 and 1129, is that it didn't matter whether or not the due-on-sale clause was enforceable. The point that did matter, which is one of our points here, is that when you change owners, you change risk, and that change entitles the lenders to 1129 protection.

And that's basically what we're debating here, Your Honor. What we're debating here is very simple. The general

principle in the statute, the general principle in Chapter 11, is the standard of fair and equitable under 1129. And as Judge Mabey writes in his decision, that standard is in the statute to enforce the essential commercial bargain that debt comes ahead of equity. And what the parties would like to do here is they'd like to get away from that standard. They'd like to get away from the standard of debt coming ahead of equity and argue instead for a theory of reinstatement in order to provide not a recovery for unsecured creditors who won't otherwise get paid, which is the policy behind reinstatement; the court's saying that you shouldn't complain if you're getting a bargain in a circumstance where others are not getting paid. That's not the issue here. Here, reinstatement is being sought, in our view, Your Honor, in order to provide a windfall for equity holders. And they're doing it on the premise that Your Honor will declare as unenforceable valid and enforceable provisions under our credit agreement that was intended to give us the rights to, among other things, in these circumstances, reprice the debt. It's premised on the belief that, in fact, they can effect all sorts of fundamental corporate changes, ownership and control, without having to confront the consequences to the lenders and the standards of fair and equitable under 1129.

Finally, Your Honor, just one last default, and this is the complaint that parties referenced before. And by the way, just to be clear in terms of process, Your Honor, and I

don't want to spend a lot of time talking about process before bankruptcy, but I want to mention a few words. I got involved in this case in January, and within weeks I tried to contact each of the lawyers in the case, suggesting, you know, that there should be a line of communication here, 'cause we saw what was happening. After the K came out, after they had cut their deal, we were excluded from those negotiations. We had suggested in a letter that we be included in negotiations, then we'd be prepared to negotiate something. Mr. Basta mentioned how his litigators contacted us to provide for discovery. What happened, at least as we recall it, Your Honor, is that no one was contacting us. In fact, we had tried to talk about discovery and we were unsuccessful. And so what we did was, at the end of February, we gave them the complaint. We gave them the complaint that we filed in this court last week. And we did it for two purposes: one, to try to at least get some discovery going, 'cause we were told that without a complaint there wouldn't be a discovery, and we were proposing at that point to file it in federal court; and second, in our minds we were trying to get a conversation going about how to really make this a pre-negotiated plan. That's been the process. And to the extent there's been any discovery, it only started, Your Honor, it only started after we gave them the complaint. And it started because, in exchange for our agreeing not to file it, they said they would give us documents. That's the scope

of how it is that we got to working hard and working together with respect to at least starting this process so that we wouldn't lengthen it unnecessarily here. And, Your Honor, you'll hear more about this in the scheduling, but as of -- at least as of Thursday, when they filed, a box and a half of documents was all we got.

In any event, back to the complaint.

THE COURT: Friday. They filed Friday.

MR. PANTALEO: Friday. A box and a half of -- no, they filed Friday?

UNIDENTIFIED SPEAKER: Friday, yes.

MR. PANTALEO: Friday. A box and a -- even worse, Friday. Even worse. Anyway, back to the complaint, Your Honor, the complaint basically alleges, to keep it simple, three things happened in the fourth quarter of 2008, Your Honor. Two designated holding companies were shut off of dividends and distributions because, we believe, the company had realized that they were insolvent, that CCH I was insolvent and they could no longer, in the exercise of their fiduciary duties, and consistent with state law principles, continue to fund dividends and distributions up to those holding companies. Bondholders were then organized.

The third thing that happened is that CCO, in the fourth quarter, borrowed about 750 million dollars from the lenders. Now, we don't have a quarrel with the decisions that

were made with respect to the dividends and the distributions and them organizing the bondholders. We had a big issue with the fact that, while all this was going on, they were borrowing money from us. And we think, Your Honor, again, and I think the discovery will show, that the circumstances, at the time, known to the company were such that the company should have known that it could not make representations and warranties to us sufficient to permit them to borrow up to 750 million dollars. This is a matter of discovery. We were confident based upon what we've seen so far that, in fact, this is a valid claim.

Now, a word about core versus noncore. This is a pre-petition default in the context of a credit agreement that's to be reinstated. We think, Your Honor, Orion governs here. Orion involved the assumption of a contract under 365, not a reinstatement of a financial contract under 1124. But the Second Circuit made it clear in Orion that, to the extent that you are assuming a contract, even though part of assumption is to make determinations about the cure of defaults, if there is a dispute about a pre-petition default, then it has to be adjudicated as a noncore proceeding in a separate adversary proceeding. And that's exactly what we think is the case here, Your Honor, and that's why we filed this as a declaratory action, as a separate litigation.

Your Honor, so these are some of our issues.

There'll be others in this case. And we think discovery and testimony would help flesh these issues out. The only thing, I think -- you know, we want to be clear -- we'd like Your Honor to understand clearly is that while the parties, sort of, postured this as a pre-negotiated plan, you know, what it really is, is that certain parties, certain parties, negotiated among themselves to try to carve up a windfall at our expense that, fortunately for us, Your Honor, we don't think the law entitles them to have and, we think, the cases make it clear they shouldn't expect to receive. And obviously, Your Honor, we look forward to further opportunity to explore these issues and certain other issues with the Court in connection with this -- with these proceedings. Thank you.

THE COURT: Thank you, Mr. Pantaleo. Is there anyone else who wishes to make a speech? Mr. Eckstein, good morning.

MR. ECKSTEIN: Your Honor, good morning. Kenneth Eckstein of Kramer Levin. I'll rise to just briefly address the Court. My firm represents thirty-three holders of first lien bank debt with aggregate holdings approximating two billion dollars. I wanted to rise today to advise the Court that we endorse the comments made by Mr. Pantaleo. We believe that, while the efforts that have been presented by the debtor today are impressive and represent a great deal of effort, we share the view that, unfortunately, those efforts were undertaken without the inclusion of the lenders. And to that

extent, we do not believe it is fair to present this case as a pre-negotiated case, that it, in fact, is a case that was negotiated with some of the parties.

I believe Mr. Pantaleo has laid out clearly and effectively several very important issues relating to cross-acceleration and defaults that result from both pre-petition activity, as well as the filing, as well as a very fundamental change of control that has taken place. It is important to underscore the fact, Your Honor, that we are going from a situation where the current equity holder, who controls ninety-one percent of the vote in this company, is being reduced down to a two percent holding in a reorganized company. And the fact that he is being retained with paper that suggests he can vote thirty-five percent of the equity of this company does not avoid the clear fact, in our view, Your Honor, that this case is resulting in a fundamental change of control, which is an event of default under the credit agreement.

I believe, Your Honor, these are issues that are appropriate for discovery and for a disclosure statement hearing and confirmation hearing. And I, therefore, will not attempt to repeat, other than to say that we share the views expressed by Mr. Pantaleo. We would hope, Your Honor, to be able to participate in the process as it unfolds. We understand that the timetable is quick, and we are prepared to participate. I would, Your Honor, like to reserve my

opportunity to address a very brief limited objection we've raised to cash collateral when that issue was presented by the debtor.

But I did rise today, Your Honor, to indicate that my group does share the positions articulated by the agent, and we intend to participate in this process as it unfolds. Thank you, Your Honor.

THE COURT: Thank you.

MR. UZZI: Good morning, Your Honor. Gerard Uzzi from White & Case. My firm has been retained by holders of Charter Communication Inc. convertible senior notes. The group holds approximately sixty percent of the outstanding issue. And if you'll recall, Your Honor, I couldn't see it from the back of the courtroom, but from the old Char -- just so Your Honor knows, Charter Communications Inc. is the top holding company of Charter Communications, of the enterprise.

Your Honor, I wasn't intending on rising today. And I rise, and I will be brief, solely because of the statements made that essentially this is a one-issue case. I do understand and appreciate that reinstatement is the big issue out there, but I do think that there are more issues that will need to be addressed before this case comes to a conclusion.

As debtors' counsel alluded to in his presentation, my clients actually received distributions through recoveries, directly or indirectly, on intercompany claims. Those

intercompany claims, Your Honor, from at least what we can glean from the public record, have been substantially compromised prior to the filing and will also be compromised in the filing and then be paid off with preferred stock of dubious terms.

Your Honor, we've heard a lot of, also, statements regarding the designated holding companies and the need to keep the capital structure in place for the reinstatement, the issues regarding change of control. But we also believe that there's another issue out there: that this capital structure is being kept in place for the benefit of the controlling shareholder to the detriment of my particular clients, that is, there's tax reasons that keep this capital structure and the corporate structure in place for the benefit of the existing shareholders.

Your Honor, we're just getting started today, and I just -- in the spirit of your request of a review of the events to come is why I rise. We need to do our homework; we will. We're not looking to slow down this process, provided we do get a fair opportunity to have our issues heard.

Toward that end, we did reach out to -- I did reach out to debtors' counsel last week; they did reach out to me. And we did trade voicemails. I'm hoping that we can engage in a dialogue with them that will resolve our concerns and resolve them prior to confirmation. But in the event we can't, Your

Honor, then there may be more issues than reinstatement at confirmation.

THE COURT: Fine. Thank you, Mr. Uzzi. And --

MR. UZZI: Thank you.

THE COURT: -- just to state what I think is an obvious point, with the beginning of a case that the parties who have brought it to court believe is a one-issue case and they've teed it up as a one-issue case, it's up to the parties-in-interest who were not involved in the negotiations to identify any issues that parties may not have foreseen or identified or may not have thought to be real issues for confirmation.

So we're at the start of something that's obviously been very well thought about in advance and is being managed not only for my consumption but for public consumption. I accept this as, to some extent, a PR event right now. This is, however, first-days in a very important case, and we have yet to hear the first motion. What happens next, Mr. Basta?

MR. BASTA: Your Honor, I think it's going to be about forty-five minutes to an hour to get through the first-day stuff. Maybe -- that might be a conservative estimate. I don't know if Your Honor wants to plow through or whether we should take a short break. Whatever is acceptable to the Court.

THE COURT: Well, we've been here for almost an hour

and a half, and some longer because of the need to get seats. I think it probably is a good idea to take a fifteen-minute break. And if your aggressive estimate -- everything is being aggressively estimated in this case -- of forty-five minutes turns out to be right, then we'll be able to break at lunchtime, about 12:30. So let's take a break until twenty minutes to the hour.

MR. BASTA: Thank you, Your Honor.

THE COURT: We're adjourned.

(Recess from 11:25 a.m. until 11:41 a.m.)

THE COURT: Be seated, please. Good morning.

MR. SCHROCK: Good morning, Your Honor. Ray Schrock of Kirkland & Ellis, on behalf of the debtors. Your Honor, as far as going through the first-day motions, we'd propose to just go in the order presented in the amended agenda we filed yesterday.

THE COURT: That's fine.

MR. SCHROCK: Okay. Thanks. Your Honor, first, a couple of perfunctory matters just as to service of all of the motions. We have filed affidavits of service with the Court, noting that we filed the notice of the hearing and the motion with the core bankruptcy and a 2002 list by overnight mail and e-mail. We also served the amended agenda yesterday as well as the perfunctory motion yesterday, the consolidated creditors' matrix. We did file that yesterday as well, along with

service.

Your Honor, we did file a declaration of Greg Doody in support of all of the first-day motions. Rather than submit an offer of proof in support of all the first-day motions, I'd like to move to submit that declaration into evidence.

THE COURT: I've read that declaration. I assume that other parties interested in the case have read it as well. Is there any objection to my accepting that declaration in support of the first-day relief?

MR. PANTALEO: No objection, Your Honor.

THE COURT: It's accepted.

(Debtors' exhibit, Declaration of Greg Doody, was hereby received into evidence as of this date.)

MR. SCHROCK: Thank you, Your Honor. Your Honor, the first motion is the debtors' motion for a joint administration of the cases for procedural purposes. This is a very routine motion. We do have 130 debtors here. The motions in the cases largely affect all of the debtors. We have a joint plan. And the joint admin, again, is only for procedural procedures. We ask that it be approved.

THE COURT: Joint administration is ordered.

MR. SCHROCK: Okay. Thank you. Your Honor, the next matter on the agenda is the debtors' motion for a case management order. Again, very typical and very necessary for a case of this size and complexity. Provides for a very typical

notice procedure. Note -- something we could note here, Judge, if Your Honor is willing to entertain it, is that we do request that the Court set the first four omnibus hearings. And we need to set a second-day hearing as well as -- at this time. If we could get a disclosure statement hearing, it may be appropriate to deal with that here.

THE COURT: Well, since we're talking about scheduling, let me tell you what my calendar looks like over the next few months. I understood, as a result of a telephone call placed to my chambers today, that there was a desire for omnibus hearing dates to be set during the third week of each month.

MR. SCHROCK: That's correct, Your Honor.

THE COURT: Partly because of my travel schedule, I can provide an omnibus hearing date on Wednesday, April 15 at 9:45 a.m. with the understanding that I need to leave by lunchtime to get to the airport.

MR. SCHROCK: Very well.

THE COURT: If that doesn't work because of anticipated burdens of time, we're going to have to figure out another day that works after I get back.

MR. SCHROCK: Okay. Very well. Your Honor, may I have just a moment to confer?

THE COURT: Sure.

MR. SCHROCK: Okay. Judge, Wednesday, April 15th at

9:45 would work just fine.

THE COURT: At 9:45. And I'm just starting fifteen minutes early so that I don't have the pressure as I'm looking at the clock that I have to get out of here.

MR. SCHROCK: Certainly.

THE COURT: I assume that that'll work.

MR. SCHROCK: Yes, that would work just fine, Your Honor.

THE COURT: Wednesday, May 20th at 10.

MR. SCHROCK: Okay.

THE COURT: And Wednesday, June 17 at 10.

MR. SCHROCK: June 17th. And, Your Honor, for all of the motions, I assume we can hand those up at the end of the -- can we hand up all of the orders at the end --

THE COURT: Oh, yes. At the end.

MR. SCHROCK: -- of the hearing? Okay.

THE COURT: Those are, at least, some initial omnibus hearing dates. If you need a date in July -- I noticed that in the proposed scheduling motion relating to the litigation that the date July 23 appears. I have no idea if that's simply picked out of the air or if it reflects some discussion with counsel for JPMorgan Chase, because that motion indicated that meet-and-confer efforts have proven to be unsuccessful. I'm assuming that there's no agreement on dates.

MR. SCHROCK: That's correct, Your Honor.

THE COURT: And as a result, that date is simply a date that I remember, that I'll probably be told to forget at some point. So --

MR. SCHROCK: We hope not.

THE COURT: Well, it's out there. I don't know if that's going to be a date that's just for the trial. I don't know if we're talking about a one-day trial or if we're talking about a ten-day trial. That's something that I'm going to want to talk with you all about on Monday. But remember that we have a hearing set for next Monday at 10 AM.

MR. SCHROCK: Yes, Your Honor. And just, very briefly, just to give you an overview, the genesis of that date was looking at the dates in the lockup, namely that we would have to have a confirmation order entered by 130 days from the petition date. We wanted to give ourselves some time for a contested confirmation hearing. So that's -- the third week in July is roughly where that came in. But we can discuss it on Monday.

THE COURT: All right, well, this actually gets to a procedural question that was occurring to me during the presentations that we had before the break, and that is what the trial is. And we'll talk more about this on Monday. I'm not certain, based upon what I've seen so far, whether or not that is, in effect, trial of the adversary proceeding issues after fully presenting whatever motion practice or responsive

pleadings may be appropriate in connection with that, or if that's intended to be a trial within the main case of confirmation issues that have been, in effect, teased out of the adversary proceeding for purposes of separate litigation. It's also unclear to me whether or not that's the confirmation hearing and we're simply having an evidentiary battle over the reinstatement issues that have already been discussed. We'll talk more about that on Monday.

MR. SCHROCK: Sounds good. Your Honor, could we also get a date at this time for the disclosure statement hearing motion that we have filed with the Court?

THE COURT: What date do you want?

MR. SCHROCK: Your Honor, the last week in April, about thirty days out, works well for us.

THE COURT: You're going to realize quickly that I'm --

MR. SCHROCK: I know you have a couple things going.

THE COURT: -- completely dependent upon my courtroom deputy for scheduling. And --

MR. SCHROCK: We can contact chambers.

THE COURT: -- I'm going to have to -- I have days that week. It's just not clear to me whether or not --

MR. SCHROCK: Okay.

THE COURT: -- for something that I am anticipating may result in some debate --

MR. SCHROCK: All right.

THE COURT: -- whether or not I have sufficient time to allocate on particular days here. So, yes, you will have time that week. Let me just confer with my courtroom deputy, at a break, which day it's going to be. And we'll let you know, obviously.

MR. SCHROCK: Very good. Thanks, sir. Your Honor, if there are no issues with the case management order, then we ask that it be approved.

THE COURT: Were there any issues with the case management order? I'm asking that of the room.

MR. PANTALEO: No, Your Honor.

THE COURT: I'll approve it.

MR. SCHROCK: Thank you, Your Honor. Your Honor, the next matter before the Court is the debtors' application to retain KCC as claims and noticing agent. I would like to note for Your Honor that we did follow the Southern District of New York protocol when retaining a claims agent. We did get bids from three parties; consulted. And after consulting with management and the parties, we found that KCC's pricing and capabilities were superior.

THE COURT: I'm sure they're pleased to hear that on the public record, and that application is approved.

MR. SCHROCK: Thank you. Your Honor, the next motion before the Court is the motion to file a consolidated creditor

list and legal formal mailing matrix for each debtor. Again, we do have 130 debtors. We do have a consolidated creditor matrix already prepared. And on a related note, Your Honor may have noticed we didn't file a motion to extend the date for filing schedules and statements. We do expect to file those in the first fifteen days of the case.

THE COURT: Okay.

MR. SCHROCK: If there are no objections, we asked that it be approved.

THE COURT: That's approved.

MR. SCHROCK: Okay. Your Honor, the next motion before the Court is the debtors' motion to use cash collateral. Your Honor, even though we do have a dispute on reinstatement, the debtors, the agent for the pre-petition lenders and the steering committee for the first lien lenders come before the Court with a consensual cash collateral order. We think that speaks well for all involved and the professionalism of the parties involved. And that's the way we're going to try and run the rest of this case is to only bring matters before Your Honor when we can't -- absolutely cannot work it out.

I'd like to just give you a very brief overview of some of the key terms of the cash collateral motion and briefly address the statement of Wilmington Trust and the limited objection that was filed by the subgroup of lenders. And then, I suppose, they may want to get up and say a few words as well.

Your Honor, the intercreditor agreements that are with the first lien lenders and the second lien lenders and the third lien lenders are key documents, and we did recite the specific provisions in the motion. We do have second lien holders that do have an interest in cash collateral, namely under Section 5.2 of the intercreditor. Once the first lien lenders agree to use cash collateral, the second lien creditors, they are deemed to have consented. And you'll notice that the Wilmington Trust application is simply a reservation of rights. It cannot dispute and is deemed to have to consent to cash collateral.

The cash collateral order is very typical. Cash can be used for working capital and general corporate purposes. There's an adequate protection package that notably is only against what we refer to as the operating debtors; that's CCO, the operating debtor, and its subsidiaries. They're granted a 507(b) claim for diminution in value, adequate protection liens. A pretty standard package. Also requires that we maintain the cash management system in place and comply with the covenants set forth in Section 7.1 of the credit agreement. There's an EBITDA covenant that we have referenced in paragraph 9 of the order, and it does require that we make periodic interest payments at the default rate. We agreed to that default rate, Your Honor, because we are seeking reinstatement, and, frankly, we would like to avoid the capitalized interest.

Just a key number, Your Honor, that I think it is

relevant because it's a cost to the estate. But of all the reinstated debt that the debtors are seeking to reinstate, that interest runs about twenty million dollars a month just for the default rate component, and that's before you consider capitalizing interest on the unsecured issuances where we won't be making interest payments during the case. So it is -- time is of the essence for Your Honor.

We are seeking, as adequate protection, the ability to make quarterly interest payments. The next payment -- or, sorry, make interest payments and make quarterly amortization payments. The next one is due on March 31st; it's 17.5 million. And I believe it's about seventy million dollars a year. But that is part of the adequate protection package.

There is a carve-out, which we think is fairly typical. It's pipeline before default, plus twenty million. And we are allowed to pay adequate protection to other parties upon entry of a final order. And that's been a bit of a sticking point with some of the other junior lien holders. But this is the deal we have with the first lien holders. Upon entry of a final order, we are seeking a 506(c) waiver and a lien on proceeds of avoidance actions of the CCO debtors.

Your Honor, very briefly, regarding the Wilmington Trust statement, as I said earlier, they are not objecting to cash collateral use. That is very much governed by 5.2 of the intercreditor. And here we have a consensual order with the

first lien lenders. We struck a deal with them. There's many things to fight about in this case, but we thought that entry of a final order in getting them their adequate protection package was simply the better way to go after consultation with the first lien lender. So in that regard, we did file a motion for adequate protection for the second liens and for the third liens, but CCOH. And we're seeking to have those orders entered upon entry of a final order.

I received some comments to the order from Wilmington's counsel on the second lien adequate protection. We're just making clear that the adequate protection would be retroactive to the petition date. We thought that was the deal, and we find those changes to be acceptable. But at this time, Your Honor, we don't think there's any risk, real risk, to the second lien parties, the third lien parties. We do have over 700 million dollars in cash, and we do have orders on file to be heard in the next 20 days.

Your Honor, there was also a limited objection filed by the second lien -- what I'll refer to as the subgroup of lenders.

MR. PANTALEO: First lien.

MR. SCHROCK: Sorry, first lien lenders. Thank you, Mr. Pantaleo.

THE COURT: This is Mr. Eckstein's objection.

MR. SCHROCK: That's right. That objection focuses

on a provision in the credit agreement, Section 10.5(b) -- if you still have that copy up there with you, Your Honor -- that allows for the lenders to have one additional counsel. We've had a lot of conversations with Mr. Pantaleo and Mr. Eckstein about this. And Mr. Eckstein does represent roughly twenty percent of the lenders, but certainly he doesn't represent all of the lenders at this point. And Mr. Pantaleo and Mr. Eckstein have not been able to work out a deal on that point for his representation of that group at this time.

We do -- I think the only noteworthy thing from the debtors' perspective here is that it is not an objection to cash collateral. I do think that, because the second lien lenders are alleging that it's a default not to pay it, that it is something that the debtors care about. We don't want to have this be alleged as some kind of bar to reinstatement at a future point. So we can't have it both ways. We can't have the agent say don't pay him and then the second -- and then the other group says pay us or it's a default.

So what I would suggest, Your Honor, is it's really not an issue for today. I think it's something that maybe Mr. Pantaleo or Mr. Eckstein could continue to work on it. But, if at all to be heard before the Court, we think it's appropriate for the final hearing on cash collateral.

THE COURT: Okay. I understand that to be the debtors' position. You've identified the statement of

Wilmington Trust and the objection filed by Kramer Levin as a limited objection. I just want to hear what, if anything, Wilmington Trust and the first lien lender group wishes to say on the subject of cash collateral.

MR. SCHROCK: All right. Thank you.

MS. JOHNSTON: Susan Johnston, Your Honor, from Covington & Burling LLP, on behalf of Wilmington Trust. It is correct that Wilmington Trust does not object to the debtors' use of cash collateral. Wilmington Trust also does not object to the adequate protection being provided to the first lien holders. We are comforted by the debtors' agreement to explicitly make the provision of adequate provision to the second lien secured parties retroactive to the petition date. And Mr. Pantaleo has indicated to me that he also agrees with that. And that gives us some comfort that our constituents will not be damaged by any act that may occur during the interim period when we are not receiving adequate protection.

We do believe that it is a violation of the intercreditor agreement for the first lien secured parties to receive the adequate protection that they're receiving when we don't receive it. But we're not damaged as of today, and we'd just reserve our rights on that point until such time as we actually need to address it.

THE COURT: So you're reserving your rights under the intercreditor agreement as between the first and the second?

MS. JOHNSTON: That is correct, Your Honor.

THE COURT: Okay.

MR. SAVAL: Your Honor, Daniel Saval from Brown Rudnick. We represent Wells Fargo, the agent under the third lien credit facility at the CCO Holdings, L level. I'd also just like to reserve the rights on behalf of Wells Fargo under the intercreditor agreement. We share the view of Wilmington Trust that we do not believe it is all clear that the third lien parties would have to wait till entry of the final order to receive adequate protection. That being said, we do not object to use of cash collateral; we do not object to the adequate protection package being provided to the first lien lenders. And we are working with debtors' counsel, which has mentioned that a separate motion for providing adequate protection to third lien parties has been filed and will be heard. Thank you.

THE COURT: Okay. Thank you.

MR. ECKSTEIN: Your Honor, Kenneth Eckstein on behalf of a group of first lien lenders. Your Honor, we chose to file this today even though, in many cases, this would be an issue that I would agree with Mr. -- with Kirkland might be something you could consider down the road. But we chose to file it today because of the unique pace that this case was following. I think we already heard the company, and the noteholders have already begun to provide discovery. And there's a disclosure

statement hearing that is being requested for the end of April.

Your Honor, my group of first lien lenders represent approximately twenty-five percent of the first liens, and we believe that there's a very important role that we would expect to play in this case. Whether this case is going to be litigated to conclusion or, alternatively, if there is going to now be an opportunity for there to be a negotiated resolution, either way, it is our expectation that we can play a very useful and constructive role in this case.

We believe that the credit agreement in this case, which is somewhat unusual because it expressly contemplates that, in addition to counsel for the agent, there will be one other firm of counsel to the lenders. So we believe the credit agreement in this case is clear in contemplating what our group has proposed. And our group organized in reliance upon the fact that there was contemplation of precisely this arrangement in the credit agreement. Now, in fact, we've had discussions with Mr. Basta and with Mr. Pantaleo about a structure for this to work efficiently in the context of this case. And, in fact, in my limited objection, I laid out what I thought was the scope of services as well as a proposed cap for purposes of monthly reimbursement that we were willing to offer to the company in order to accomplish this today. In fact, the credit agreement provides for no limitation on scope and no limitation on monthly reimbursement.

THE COURT: Is there an agreement as to that cap?

MR. ECKSTEIN: Your Honor, I believe, and I don't want to commit the company, but I believe this was the number that the company had proposed to us, and we are willing to accept it. We also believe that the scope is consistent with what the company had proposed to ensure that there would be an efficient interaction between ourselves and agent's counsel.

Your Honor, we believe that this has been discussed extensively. And while I'm always amenable to trying to resolve things, I don't believe that there are really any open issues. And in our view, we believe it's constructive to get this issue behind us so that we can all focus on the substance. So we thought it was appropriate to bring it to Your Honor's attention this morning.

THE COURT: I -- I'm not saying it's inappropriate. It's not directly related to the use of cash collateral, unless you're objecting. But you're front and center, and I presume you'll be able to talk with counsel and either agree to the treatment of your fees or you won't. Is there an agreement? I'm looking at debtors' counsel.

MR. BASTA: Your Honor, our perspective on this is that if the lenders want to designate counsel --

THE COURT: You're talking about all the lenders?

MR. BASTA: All the lenders, in accordance with the credit agreement, and that fits and satisfies 10.5 so that the

debtors are fulfilling their obligation under 10.5 and it's within a limited scope parameters, as Mr. Eckstein has articulated, the debtors would find that acceptable. There was one aspect of Mr. Eckstein's proposal where we wanted a hard cap, and Mr. Eckstein has proposed, as I understand it, a soft cap, meaning that if his fees go above the cap that he can come back later in the case and seek amounts in excess of the cap.

THE COURT: I understand that it was a carry forward/carry back cap.

MR. ECKSTEIN: Your Honor, it was a carry forward/carry back cap, and we provided that, to the extent, ultimately, the fees exceeded the carry forward/carry back, we would have the right to request from the Court a reimbursement of reasonable expenses consistent with the scope that was articulated in our objection.

THE COURT: Would that be on the basis of your loan agreement or on the basis of substantial contribution, or some other basis?

MR. ECKSTEIN: We would submit to the discretion of the Court based upon the arrangement that was provided for in the objection, Your Honor. It was a reasonableness standard that would be submitted to Your Honor.

MR. BASTA: And our perspective, Your Honor, was we were fine with the carry forward or carry back, but what we --

THE COURT: You don't want to revisit this later.

MR. BASTA: And, you know, Simpson Thacher is a qualified adversary. And we didn't -- our perspective in all of this was not to have to -- we don't understand, necessarily, the disparate interests that would be protected by additional counsel. But our perspective is that if the lenders got together and the credit agreement says what it says, we'd live with it.

THE COURT: Well, I guess you live by the credit agreement and you die by the credit agreement. So I'm not interpreting provisions in the credit agreement that relate to the reimbursement of counsel for the, quote, "lenders", close quote, at this point. That's not before me. I understand the legal argument that's being made, and I view that legal argument as ancillary to the use of cash collateral. So I view this as a platform for public negotiation, which is probably the wrong thing to do in a packed courtroom. And I suggest that the parties talk about this later. But I understand the positions being articulated. Either you reach an agreement or you don't.

MR. ECKSTEIN: Your Honor, we'll be happy to try to resolve this. And if we need to come back to Your Honor, we will, and reserve our rights, obviously, under the credit agreement in full.

THE COURT: That's fine --

MR. ECKSTEIN: Okay. Thank you.

THE COURT: -- including, I suppose, the right to litigate it someplace else besides the bankruptcy court.

MR. ECKSTEIN: Thank you, Your Honor.

MR. SCHROCK: Thanks, Your Honor. So with that, we'd ask that the cash collateral order be approved.

THE COURT: I'm prepared to do that. I just want to be sure that the Office of the United States Trustee, who's been represented but quiet, is satisfied that the use of cash collateral, as proposed, is satisfactory to that office.

MR. SCHWARTZBERG: Good morning, Your Honor. Paul Schwartzberg from the U.S. trustee's office. We had had one question prior to this hearing regarding whether the liens were attaching to avoidance actions. We were advised that they were not.

MR. SCHROCK: They are.

MR. SCHWARTZBERG: If that could be confirmed --

MR. SCHROCK: That's confirmed.

THE COURT: That's confirmed. I think I must have misheard counsel earlier because I heard something about avoidance actions. And it may be that the negative before the lien on avoidance actions was left out, or I misheard it. So I'm glad for the clarification.

MR. SCHROCK: Thanks, Your Honor. We are seeking, upon entry of the final order, a 506(c) waiver and a lien on proceeds of avoidance actions.

THE COURT: For the final order, you're seeking a lien on avoidance actions?

MR. SCHROCK: Proceeds there.

THE COURT: Proceeds.

MR. SCHROCK: Yes.

MR. SCHWARTZBERG: Your Honor, today we're just concerned with the interim order. As long as it doesn't --

THE COURT: Fine.

MR. SCHWARTZBERG: Today, we have no objection.

THE COURT: That's an extraordinary provision that would not ordinarily be permitted absent good cause shown. So we'll address that at the final hearing.

MR. SCHROCK: That's fine, Your Honor. Your Honor, if there's nothing further on cash management, I'll move to the next motion.

THE COURT: That's fine.

MR. SCHROCK: Okay.

THE COURT: Oh, let's be clear. Cash collateral is approved.

MR. SCHROCK: Thank you, Your Honor. And then we'll also -- can we set the final DIP hearing just for that, the date on the 15th?

THE COURT: Yes.

MR. SCHROCK: Or the final cash collateral motion, Your Honor? Your Honor, the next motion is the debtors' motion

to enter into a surety bonding facility. Surety bonds are critical to the debtors' business. They're issued to municipalities for franchise obligations and for utilities. As of the petition date, we had fifty-five million dollars in LCs, outstanding security, sixty-five million dollars in bonds. Surety: Travelers. Our surety asked for this order as a condition to continue to issue those bonds. The material terms of the order are that this is a 150 million dollar facility, 20 million of which would be accessible under the interim period. The terms of the facility are fairly consistent with the prior eighty to a hundred percent of cash collateral or LCs securing this obligation.

There is a new indemnity agreement that incorporates the old indemnity agreements. And we did clarify two things that I wish to put on the record with the surety here today. The first is that if there's any provision in an old indemnity agreement previously issued relating to a default as a result of the Chapter 11 filing, that will not be enforced. The second point simply being that as the surety has agreed that its claims are subordinated to the claims of the first lien lenders and the other secured parties in this case, given that those first lien lenders and other parties are also subject to the carve-out, likewise the surety's claims will be subject to the carve-out in these cases.

And I don't believe there are any objections, Your

Honor. That's right, yeah, except surety's counsel points out they're not subject to the carve-out with respect to their cash collateral that's out there, and that's fine.

MR. ALTER: Otherwise -- Your Honor, Jonathan Alter on behalf of Travelers. I can confirm that. Thank you, Judge.

THE COURT: All right. Are there any objections to the surety bond motion? Hearing none and recognizing this is a necessary part of the business, I approve it.

MR. SCHROCK: Okay. Thank you, Your Honor. Your Honor, the debtor -- the next motion is the debtors' motion to approve their cash management system. It's a fairly detailed system that we've set forth in the order. I'd just rely on the description of the cash management system in the motion and in the order. We did reach one accommodation with the U.S. trustee's office that we did agree to use the DIP stamp legend on existing cash -- check stock. And, with that, I don't believe there are any objections.

THE COURT: Mr. Schwartzberg, is that acceptable to you?

MR. SCHWARTZBERG: Your Honor, I think there's one petition.

MR. SCHROCK: As well as on forms as well. We'll put the stamp on checks as well as forms.

MR. SCHWARTZBERG: Yeah, that's acceptable, Your Honor. Our concern was that people out there wouldn't -- who

aren't as aware of today's filing, would be unaware that they were dealing with a debtor-in-possession, and we wanted it on the forms as well as checks.

THE COURT: Hard to imagine that there's anybody who isn't aware of Charter's current status. But, okay.

MR. SCHROCK: All right. Your Honor, the next motion is what we affectionately refer to as our NOL motion. And I am familiar with this Court's colloquy with some of my partners in the Sirva case.

THE COURT: Oh, the Kieselstein colloquy.

MR. SCHROCK: Yes, that's -- that's right. And, Your Honor, I did enjoy reading the transcript and how, at one point, Mr. Kieselstein said he'd like to channel his tax partner, Mr. Maynes, for the proceedings. And, instead, I brought him with us here today in case --

THE COURT: Oh, welcome to --

MR. SCHROCK: -- we trip over --

THE COURT: -- welcome to my courtroom.

MR. MAYNES: Thank you.

THE COURT: Are you going to say something?

MR. MAYNES: Todd Maynes, Kirkland & Ellis, on behalf of Charter. He warned me I might need to do that, so --

THE COURT: So far so good.

MR. SCHROCK: Your Honor, we're seeking an interim order that I believe is consistent with other orders entered in

this district and by this court. This applies to stock trades, not claims trading. The company has over eight billion dollars in NOLs. Just to give Your Honor some of the figures here, six billion of NOLs would translate into two billion dollars of tax savings in the future years. This company, obviously, as you've heard today, does make money; they will be used. The company would lose its entire NOL if an ownership change were to occur. The only shareholder we're aware of at this time that's over five percent that's going to be affected is Mr. Allen. Mr. Allen has not objected. These tax savings, and I think this is unique to this case, are critical to the plan and the valuation that we have filed before the Court, and that's in order to preserve the ability to confirm that plan.

So, in summary, Judge, this case is a unique one and the strongest case we have seen for the restrictions set forth. And they are just restrictions and an opportunity for parties to trade after notice.

THE COURT: Is there anyone who wishes to be heard on this subject? I'm not prepared to enter the interim relief requested. The reference to the Kieselstein colloquy from the Sirva case was a reference to some concerns I had about a similar order that was being requested in that case in February of last year. And it was, to some extent, informed by my sensitivity to the whole issue of trading orders and limitations upon the transfer of stock and claims associated

with the opinion in the United Airlines case by Judge Easterbrook which, if I'm remembering it correctly, raised some very serious issues as to the appropriateness of NOL trading orders, particularly as it involved stock, as first-day orders in large bankruptcy cases; that case was United Airlines.

We had a reasonably well-informed debate on the subject. There was a follow-up hearing, at which time additional information was provided. And I entered the order without objection. I think there's no need for your tax partner to say anything further --

MR. SCHROCK: Thank you, Judge.

THE COURT: -- because he's likely to simply confuse me. And for that reason, I -- not just for that reason. I'm --

MR. SCHROCK: That's a good reason.

THE COURT: I'm prepared to enter this order, and I recognize the importance of preserving NOLs to the proposed plan. And I'm encouraged by the fact that Mr. Allen, who seems to be particularly affected by this, is supporting restricting his own interests in consideration for preserving NOLs for the benefit of the reorganized company.

I noted that there was one other large holder noted in the motion. Is that holder consenting? Does that holder have notice?

MR. MAYNES: I contacted that holder on Friday, Your

Honor, confirmed they do not have twenty million shares. And so, therefore, they would not be subject to it. They have twenty million if you combine their different funds together. But for tax purposes, you don't have to combine them.

THE COURT: Fine.

MR. HESSLER: So they're fine, Your Honor.

THE COURT: Okay. Great. I approve it.

MR. SCHROCK: Thank you, Your Honor. I think, at this time, I'm going to cede the podium to my partner, Mr. Hessler, for the remainder of the motions.

MR. HESSLER: Good afternoon, Your Honor. Steve Hessler of Kirkland & Ellis, on behalf of the debtors. The five motions remaining to be heard today are set forth in Section 2C of the agenda and all involve requests that the debtors need to continue their operations without undue disruption or delay. Your Honor, turning to item 2C(1) on the agenda, which is the debtors' wages motion, the debtors' most valuable asset is their approximately 16,500 highly skilled employees. This motion seeks authority for the debtors to honor their obligations to these individuals whose continued hard work and dedication is critical to the debtors' successful restructuring.

The debtors maintain, on behalf of their employees, a wide array of customary wage and benefit programs. Importantly, Your Honor, in the interim order before the Court

today, the debtors are not seeking any relief related to any employee bonus programs, any severance programs, the debtors' deferred compensation plan or any indemnification obligations to directors and officers. The debtors will, however, be seeking approval for these items in a proposed final order at their second-day hearing. The debtors are seeking approval on an interim basis, Your Honor, for the following: first, the authority to pay pre-petition wages, salaries and other cash compensation and to continue to satisfy employee wage obligations in the ordinary course; second, to reimburse employees for our pre-petition business-related expenses, and I'll be returning to this issue in a moment, Your Honor; third, to pay sales commissions earned pre-petition by employees; and fourth, to honor all pre-petition obligations related to the debtors' union dues, independent contractor obligations, medical insurance programs, vacation and leave time, workers' comp obligations and retirement savings plans, and to continue to provide these benefits in the ordinary course of business.

Your Honor, as the debtors believe the relief requested in the interim order is well justified under the Bankruptcy Code and consistent with established precedent in this district, the debtors further believe that immediate and irreparable harm will result if the relief requested on an interim basis is not granted. Because the debtors' employees are their most important asset, they are critical to the

success of these Chapter 11 cases. Suffice it to say, the debtors' employees depend on their wages and benefits for their families' livelihoods. If the debtors' ability to honor their pre-petition obligations to their employees is delayed or disrupted, many employees will suffer material hardship and may seek alternative employment, thus jeopardizing the debtors' reorganization efforts.

Finally, Your Honor, the debtors have had multiple discussions with the U.S. trustee's office about the interim wages order, and we have attempted to address all of the trustee's issues. One issue does remain for today. The trustee has requested a cap of 1,000 dollars per employee for payment of reimbursable expenses between now and the second-day hearing. Your Honor, the debtors estimate that they will owe approximately 1.4 million dollars to approximately 2,500 employees over the next twenty days. This works out to a per-employee average of approximately 560 dollars. However, Your Honor, the debtors do estimate that approximately 270 employees will submit reimbursement claims greater than 1,000 dollars within the next twenty days, and some employees already have done so.

Your Honor, we've provided copies of the debtors' expense reimbursement policies to the U.S. trustee. These policies are Sarbanes-Oxley-complaint, and we believe they properly limit reimbursable expenses only to reasonable

business-related items. Expense reimbursements are made on a daily basis as claims are processed. Thus, all or most of the 1.4 million dollars that the debtors anticipate to come due within the next 20 days would be paid within the next twenty days.

Your Honor, these are obligations that employees incurred personally on behalf of the debtors, and we think it would send an ominous message to current employees that the reimbursements may not be paid in full when due if, in fact, we were subject to the 1,000 dollar cap proposed by the trustee.

THE COURT: I'll hear what Mr. Schwartzberg has to say about this. Perhaps after that compelling argument, he will relent.

MR. SCHWARTZBERG: Your Honor, first, we did request a list of who's getting what over 1,000, and that list hasn't been supplied to us except in a general basis: 267 people over 1,000. We were advised to four people, one, including an insider, who is getting in excess of actually 5,000. But, generally, we would prefer on the first day, subject to greater notice, that the expense paid over 1,000 dollars be set forth for a final hearing so that parties-in-interest, if they have a desire, can object and also, hopefully, so, in the interim, the debtor could provide us with the list of creditors who are getting over 1,000.

THE COURT: In another case that recently involved a

similar issue before me, your office consented to the following elegant arrangement. Instead of there being an arbitrary limit upon the payment of expenses or a twenty-day period for going to the right number actually due and owing, because these expenses were almost always credit card expenses in which a credit card bill was being paid, at least in that case -- I don't know if it's true in the case of Charter -- the office agreed, through another one of your representatives, to permit payments on the due date of the bill so that if a credit card statement was due for an amount, say, of 2,000 dollars instead of 1,000 dollars sometime within the 20-day period, it would be payable on that due date so as to avoid adverse impact on credit scores and the like. It seems to me that's not such a bad approach. Is that acceptable?

MS. HOPE DAVIS: Yes.

MR. SCHWARTZBERG: Yes, Your Honor. That order could be -- or the order could be noticed out to that -- or that we actually received notice of part of the payment.

THE COURT: That's fine. I mean, the precedent is Apex Silver Mines.

MR. SCHWARTZBERG: That's acceptable, Your Honor.

THE COURT: Okay. Does that work for you, by the way?

MR. HESSLER: I think so, Your Honor. Just two points. One, with reference to providing the list of

creditors, many of these expenses aren't filed yet. This is an estimate based on historical averages, what will be coming in the next twenty days. So we don't have a complete list to provide, but we're happy to provide whatever information we do have.

With regard to the proposed arrangement, I certainly think it does work, Your Honor, as to credit cards. As to cash expenses, 'cause this is almost all travel-related, so as to cash payments that employees have made, perhaps as long as the non-credit card part of an expense --

THE COURT: You don't have employees walking around with suitcases filled with cash, do you?

MR. HESSLER: No, absolutely not, Your Honor. And I would say maybe as long -- you know, we could -- if we can do the credit card payment when due and then cash capped at 1,000 dollars per employee.

THE COURT: That sounds fine, 'cause I can't imagine there'll be cash expenses at that level. That's not how people behave.

MR. HESSLER: We'll edit the order appropriately, Your Honor, and tender it to you.

THE COURT: Fine.

MR. HESSLER: Your Honor, the next item is 2C(2) on the agenda, the debtors' shippers and lien claimants motion. The debtors use approximately 325 shippers and ten warehousemen

for the delivery and storage of various types of electronic devices that transmit cable, Internet and telephone services to the debtors' customers. These parties may attempt to assert liens on the debtors' goods based on state laws that permit the retention of materials in transit or possession until outstanding payments are made. As of the petition date, the debtors estimate they have approximately one million dollars in accrued but unpaid shipping charges. The debtors are seeking authority on an interim basis to pay 600,000 dollars in charges that the debtors expect will come due within the next twenty days.

Your Honor, as to lien claimants, the debtors routinely transact with contractors and vendors that install, repair and provide parts for the debtors' telecommunications networks and facilities. Failure to pay for these pre-petition services could result in the contractors asserting and perfecting mechanics' liens against the debtors' locations or goods or refusing to perform ongoing obligations. As of the petition date, the debtors estimate approximately 2.1 million dollars of pre-petition lien claimant claims will be accrued but unpaid. The debtors are seeking authority on an interim basis to pay 1.2 million dollars in claims that the debtors expect will come due within the next 20 days.

Your Honor, as the debtor, the debtors, believe the relief requested in the interim order is justified under the

Bankruptcy Code and consistent with established precedent in this district, the debtors further believe that immediate and irreparable harm will result if the relief requested on an interim basis is not granted. The timely payment of pre-petition amounts owed to shippers and lien claimants is necessary to preserve the debtors' ability to send and receive equipment without interruption and, therefore, critical to the survival of the debtors' businesses.

Lastly, Your Honor, the debtors have conferred with the U.S. trustee's office about the interim relief requested, and, to our knowledge, the trustee's office has no objections.

THE COURT: Let's confirm that.

MR. SCHWARTZBERG: No objection, Your Honor.

THE COURT: Fine. Is there anyone else who wishes to be heard on this? It's approved.

MR. SCHWARTZBERG: Your Honor, the next item is 2C(3) on the agenda, the debtors' customer programs motions. As described in our motion, the debtors have a number of ordinary and customary customer programs that are designed to attract new subscribers and retain and upgrade existing subscribers. Through these programs, the debtors offer various promotions, incentives, discounts and price guarantees to grow and engender the goodwill of their customer base. The proposed order, which the debtors are asking the Court to enter on a final basis, authorizes the debtors to honor the pre-petition obligations to

customers and to continue these programs in the ordinary course of business. The debtors believe the relief requested is consistent and routinely granted in this district. The debtors further believe immediate and irreparable harm will result if the requested relief is not granted. The marketplace for cable services is extremely competitive. The debtors' customer programs are even more needed following the debtors' Chapter 11 filings. Requiring the debtors to discontinue their customer programs for at least twenty days would exacerbate any customer anxieties about the debtors' ability to continue to provide uninterrupted and exceptional service.

Here as well, Your Honor, we have conferred with the U.S. trustee's office about the relief, and, to our knowledge, the trustee's office has no objections.

THE COURT: Let's just confirm that.

MR. SCHWARTZBERG: No objection, Your Honor.

THE COURT: Fine. That's approved.

MR. HESSLER: Thank you, Your Honor. Your Honor, the next item is 2C(4) on the agenda, the debtors' insurance motion. As described in our motion, the debtors maintain a comprehensive insurance program that provides coverage for the standard range of potential liabilities. Like many corporations, the debtors finance two policies through premium financing arrangements with third-party lenders that allow the debtors to spread the cost of the policies over time and to

preserve cash flows. Through this motion, the debtors are seeking, on an interim basis, authority to: maintain existing insurance policies and pay any pre-petition obligations that may come due; enter into new insurance policies, as needed; maintain pre-petition premium financing arrangements and enter into new PFAs, as needed. Specifically, on an interim basis, the debtors are seeking authority to pay 1.8 million dollars that will come due within the next 20 days for deductibles, financing and third-party administrator payments.

Your Honor, the debtors assert that the relief requested in the interim order is consistent with precedent and necessary to avoid immediate and irreparable harm. First of all, the debtors' insurance policies are essential to safeguarding the value of their business, property and assets. Second, many of the insurance policies are required by statutes, regulations or contracts that govern the debtors' operations. And third, the U.S. trustee's guidelines for the Southern District of New York require the debtors to maintain coverage, insurance coverage, through their Chapter 11 cases. Finally, Your Honor, the debtors have conferred with the U.S. trustee's office about the interim relief requested, and, to our knowledge, the U.S. trustee does not have any objections.

THE COURT: Once again, I'm going to ask Mr. Schwartzberg to confirm that.

MR. SCHWARTZBERG: That's correct, Your Honor. We

have no objection to the requested relief.

THE COURT: The insurance motion is approved.

MR. HESSLER: Your Honor, the final item on today's agenda is number 2C(5), the debtors' taxes motion. In the ordinary course of business, the debtors collect sales taxes from customers and incur taxes, such as use, franchise and income taxes. The debtors also collect regulatory fees and other similar charges and assessments on behalf of various governmental authorities, which the debtors then pay to these authorities for licenses and permits required to conduct the debtors' businesses. Through this motion, which is proceeding on interim and final basis, the debtors are seeking to continue to collect and pay these taxes and fees without regard to whether the obligations accrued or arose before or after the petition date.

Your Honor, the debtors estimate that 4.3 million of pre-petition taxes and fees owing to governmental authorities will become due and payable within the first 20 days of these Chapter 11 cases. Thus, the debtors are seeking authority to pay this amount in the proposed interim order. The debtors believe this request is supported by the Bankruptcy Code and is similar to relief routinely granted in this district. Further, the debtors believe entry of the interim order is necessary to avoid immediate and irreparable harm. Most significantly, if the debtors do not timely collect and remit applicable taxes

and fees, governmental authorities may suspend the debtors' operations, file liens, seek to lift the automatic stay or pursue other remedies that could harm the estates.

Finally, Your Honor, the U.S. trustee's office requested, before the debtors filed the interim order, that we insert language clarifying the 4.3 million dollars that we're seeking to pay on an interim basis is for taxes and fees that will become due and payable between the debtors' first and second-day hearings. We did update the order to reflect that.

And with that, Your Honor, I think we addressed all of the U.S. trustee's concerns.

THE COURT: Mr. Schwartzberg, one more time.

MR. SCHWARTZBERG: That's correct, Your Honor. We -- with the amended language, we have no objection.

THE COURT: Fine. It's approved.

MR. HESSLER: Your Honor, one point of clarification for the debtors and for other parties is we're just seeking confirmation on the record that all of the orders entered today on an interim basis will be heard on a final basis at the April 15th hearing.

THE COURT: Yes. It may be, however, that, for purposes of Rule 6003, doing the math, that the orders on a final basis may be entered the following day on the 16th which would be twenty days. But with that understanding, the answer is yes.

MR. HESSLER: Thank you, Your Honor. With that, Your Honor, we have nothing further for this morning.

THE COURT: Fine. Thank you very much. And I'll see at least some of you again on Monday morning.

MR. HESSLER: Thank you, Your Honor.

THE COURT: But before you all leave, there's still an open question of the hearing date for the disclosure statement. And what I would like to do, while everybody is present to hear it, is to -- I'm going to go off, I'm going to confer, I'm going to come back. Nobody needs to stand. Stay where you are.

MR. HESSLER: Thank you, Your Honor.

(Off the record)

THE COURT: Okay. This is one of the few times I need a gavel. The 29th. April 29 at 10 a.m. And even though I said 10 a.m. for the Monday hearing next week, I think it would be more convenient for me if we did it at 11 a.m.. I assume that's not going to mess up anybody's schedule.

MR. SCHROCK: No, that's fine, Your Honor. And just, for objections, can we just -- I think the proposed order has a week out for objections to be due on the disclosure statement. Would that be --

THE COURT: What date do you have in mind? The 22nd?

MR. SCHROCK: Yes. Yeah, 22nd, 4:00?

THE COURT: That's fine.

MR. SCHROCK: Okay.

THE COURT: Okay, now we really are adjourned.

ALL: Thank you, Your Honor.

(Whereupon these proceedings were concluded at 12:34 p.m.)

I N D E X

E X H I B I T S

PARTY	NO.	DESCRIPTION	ID	EVID.
Debtor		Declaration of Greg Doody		

R U L I N G S

DESCRIPTION	PAGE	LINE
Order directing joint administration of related Chapter 11 cases	63	21
Debtors' motion for entry of an order establishing certain notice, case management and administrative procedures granted	68	13
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I N D E X, cont'd

R U L I N G S

I N D E X, cont'd

R U L I N G S

DESCRIPTION	PAGE	LINE
Debtors' motion for entry of an interim order (a)authorizing, but not directing debtors to continue using their cash management system, bank accounts and business forms; (b)granting post-petition intercompany claims administrative expense priority; (c)continued investment of excess funds in investment accounts; and (d) authorizing continued intercompany arrangements and historical practices granted	84	5
Debtors' motion for entry of interim order establishing notification and hearing procedures for transfers of common stock granted	87	7
Debtors' motion for entry of an interim order authorizing, but not directing, debtors to (a) pay certain pre-petition compensation and reimbursable employee expenses; (b) pay and honor employee medical and other benefits; and (c) continue employee wages and benefits programs granted	92	22

I N D E X, cont'd

R U L I N G S

DESCRIPTION	PAGE	LINE
Debtors' motion for entry of an interim order authorizing, but not directing, debtors to pay pre-petition claims of shippers, warehousemen and miscellaneous lien claimants	94	15
Debtors' motion for entry of an order authorizing, but not directing, debtors to honor certain pre-petition obligations to customers and to otherwise continue certain customer programs and practices in the ordinary course of business granted	95	17
Debtors' motion for entry of an interim order authorizing, but not directing, debtors to (a)maintain pre-petition insurance policies; (b)enter into new insurance policies; (c)maintain premium financing agreements; and (d)enter into new premium financing agreements granted	97	2

I N D E X, cont'd

R U L I N G S

DESCRIPTION	PAGE	LINE
Debtors' motion for entry of an interim order (a)authorizing, but not directing, debtors to remit and pay certain taxes and fees; and (b)authorizing and directing banks and other financial institutions to honor related checks and electronic payment requests granted	98	15

C E R T I F I C A T I O N

I, Lisa Bar-Leib, certify that the foregoing transcript is a true and accurate record of the proceedings.

Lisa Bar-Leib

Digitally signed by Lisa Bar-Leib
DN: cn=Lisa Bar-Leib, c=US
Reason: I am the author of this document
Date: 2009.04.02 11:42:56 -04'00'

LISA BAR-LEIB

Veritext LLC

200 Old Country Road

Suite 580

Mineola, NY 11501

Date: April 1, 2009